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August/September 1996

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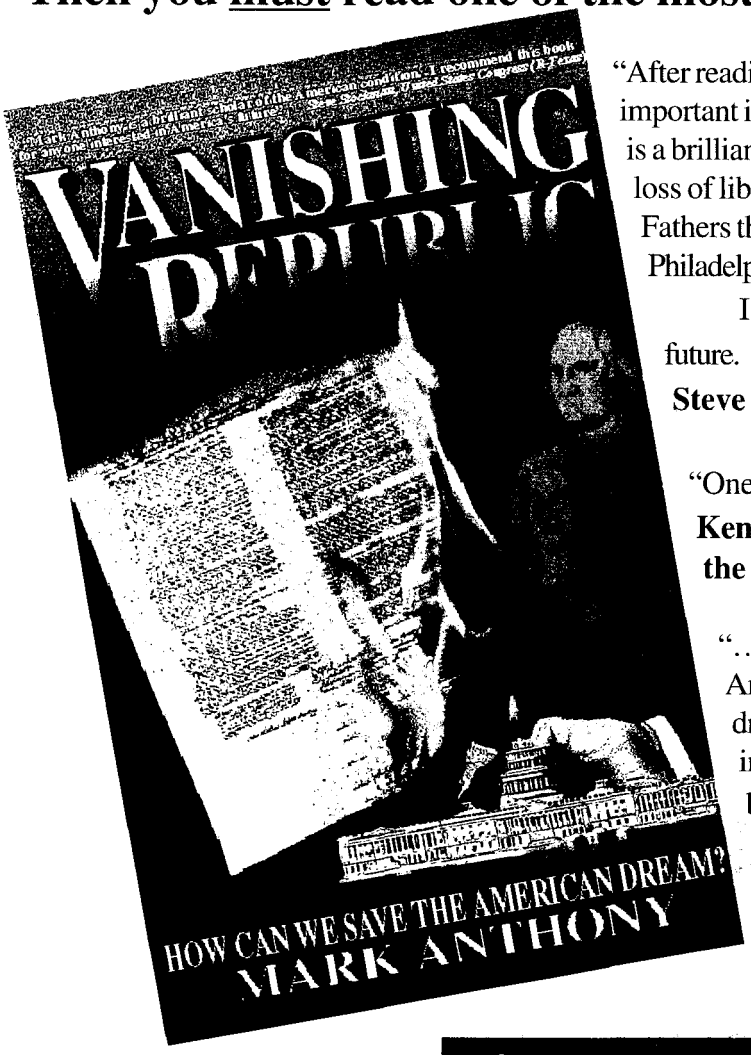

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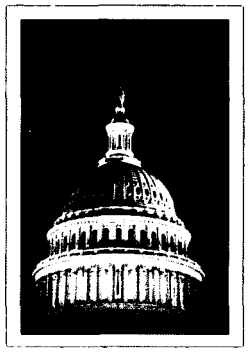

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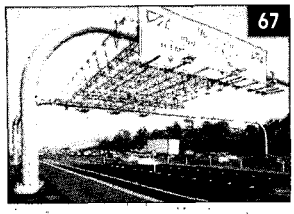

FEATURES

16 ▣ Eternal Life
Jonathan Rauch
Why government programs won't die.

22 ▣ Can Washington Change?
Christopher Cox, Ed Crane, Steven Hayward, Susanne Lohmann, et alia
Jonathan Rauch says probably not. We asked a group of experts if he's right.

30 ▣ The Reason of the Clerks
Terry B. Kinney Jr.
Believe it or not, federal bureaucrats can be the taxpayers' best friends.

36 ▣ Bill & Ted's Irish Misadventure
Michael McMenamin
Clinton's meddling has put Ireland on the road to becoming another Bosnia.

45 ▣ Talk Is Cheap
Cynthia Beltz
While diplomats bicker over telecom trade rules, new technologies are shattering protectionist barriers.

EDITORIALS

4 ▣ Past Master
Virginia I. Postrel
Bob Dole's campaign has no future.

7 ▣ Darwinian Politics
Rick Henderson
Survival instincts of "citizen legislators."

COLUMNS

50 ▣ On Campus: Martyr Me, Please
Ed Carson
When campus lefties go after conservative college papers, they end up looking stupid.

52 ▣ Regulation: Free the Ferrets
Michael Lynch
California's banal ban on an innocent pet.

54 ▣ Technology: Cyber Seducers?
Julie DeFalco
Advertising is the latest on-line outrage.

74 ▣ Selected Skirmishes: Hill & Billy
Thomas W. Hazlett
The Clintons' school for scandal.

BOOKS

57 ▣ The Militias Are Coming
David B. Kopel
Gathering Storm: America's Militia Threat, *by Morris Dees with James Corcoran*

A Force upon the Plain: The American Militia Movement and the Politics of Hate, *by Kenneth S. Stern*

60 ▣ Pound Foolish
Susan Lee
The Return of Thrift: How the Coming Collapse of the Middle-Class Welfare State Will Reawaken Values in America, *by Phillip Longman*

62 ▣ Its Own Reward
Loren E. Lomasky
Integrity, *by Stephen L. Carter*

67 ▣ Taking a New Road
Robert W. Poole Jr.
Roads in a Market Economy, *by Gabriel Roth*

69 ▣ In Medias Res
Nick Gillespie
Hot Air: All Talk, All the Time, *by Howard Kurtz*

Good Intentions Make Bad News: Why Americans Hate Campaign Journalism, *by S. Robert Lichter and Richard E. Noyes*

DEPARTMENTS

8 ▣ Letters
Property lines, smoking mad...

10 ▣ Brickbats
Cops like you've seen 'em before...

12 ▣ Trends
Leaner roads, the cost of wars...

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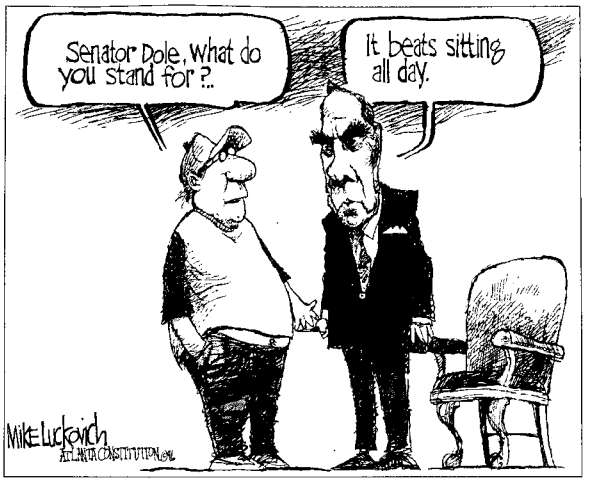
Past Master

By Virginia I. Postrel

Bob Dole's campaign has no future.



BOB DOLE BELIEVES VALUES are a thing of the past, qualities rooted in time and place. At least that was what he was saying last August, on a campaign swing through Iowa.

"Those of us who were raised in rural America grew up with a common set of values, a code of living that stays with us all our lives," he said. "Love of God and country and family. Commitment to honesty, decency, and personal responsibility. Self-reliance tempered by a sense of community. Our great cities can be exciting and magnificent places, but the values nurtured here in the heart of America are the ones that have guided us throughout our history. Those values made us the greatest country on earth. And there is no doubt in my mind that the secret to getting our country back on track is simply to return to them as a matter of national policy."

At one level, this is just blatant pandering—a man who lives in the Watergate telling rural Americans that they're the salt of the earth. On another, it is quite serious, a reflection of the would-be president's habits of mind. It captures what's wrong with Dole's campaign, both tactically and philosophically.

Bob Dole does not believe in the future. It is not even clear that he believes in the present. His imagination knows no suburbs—the home of most Americans—and no sources of decency beyond those of his childhood. Everyone born since maybe 1930, certainly everyone born since World War II, has grown up in a hopelessly amoral America (unless, of course, they're from the rural Midwest).

If the future is nonexistent and the present terrible, the past holds nothing but pain: "How many pioneers faced a hostile and threatening frontier?" Dole said in his response to the State of the Union address. "How many immigrants gave their bodies to the mines? And how many soldiers lost their lives on the distant battlefields to secure a better future for their children and their children's children?" All those sacrifices seem to have been in vain, for the future is today and today is lousy: "It is as if we went to sleep in one America and woke up in another." It's morning in America, and Bob Dole has a hangover.

Now, I understand that a candidate running against an incumbent president has to paint a gloomy picture of the present—anything else implies either that the incumbent is doing a decent job or, even more subversive, that the president does not determine every little aspect of American life. But the time scale of Dole's depression is much longer than the Clinton administration. We have been going downhill, morally and in just about every other way, since we left the farm, which means the country has been in decline for 50, maybe even 100, years. In Dole's assessment, "the greatest country on earth" is not so great. And its problems lie not in its government but in its people, who need to be reshaped "as a matter of national policy."

THIS GLOOM IS NOT BELIEVABLE, and it is certainly not appealing. Dole is running for moralist-in-chief—"Americans look to the White House for moral leadership," he told the Catholic Press Association in May—yet he seems to view morality as incompatible with modernity, achievement, and prosperity, with all that the movement from farm to city (or, for that matter, the suburbs) represents.

The base of the Republican Party is the Sunbelt—the New South and the Southwest—a region a generation or two away from rural life, and rural poverty. Sunbelt residents do not believe they left their values back on the farm. The people of Charlotte and Tampa, Memphis and Phoenix do not think of their cities as "exciting and magnificent" but basically amoral places. The suburbs of New Jersey and Florida—states that a Republican presidential candidate must win but that Dole is losing—are filled with people whose families have lived in cities for generations.

They, and most Americans, face a challenge Bob Dole has rarely known: the challenge of building a harmonious community, and of making one's own way, in a place where most of the people you meet do not know who you are. This is the challenge of modernity, and of civilization itself. It is at the heart of commerce and law. The American experiment in creating a geographically expansive republic, a nation of strangers, depends upon meeting that challenge.

In *The Fatal Conceit*, F.A. Hayek called this aspect of civilization "the extended order"—the ever more complex web of transactions and relationships

MIKE LUCKOVICH

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among strangers that allows specialization, population growth, and rising living standards. The extended order requires an abstract morality and a rule of law beyond the instincts of tribe and family, a morality that will work in Los Angeles as well as it does Russell, Kansas.

VOTERS DO NOT, OBVIOUSLY, WANT TO hear lectures on Hayek from presidential candidates. But the people who chose Ronald Reagan over Jimmy Carter and Bill Clinton over George Bush are clearly looking for something in a president other than simple personal morality.

That "vision thing" includes a sense of shared values, values on which no place, no time, no generation has a monopoly, values that can shape our future as they have shaped our past. And that vision includes hope for a better future—hope grounded not in the dictates of government but in the creativity, resourcefulness, imagination, and virtue of private Americans.

The alternative to vision is cheap symbolism and a litany of programmatic gimmicks. That is the alternative Dole offers. Aside from his obvious contempt for Clinton's character, it's not at all clear they disagree that much. Both believe in activist government. Both like to strike self-righteous poses. Both are, therefore, drawn to what I've termed "Lethal Center" issues: popular, meddlesome measures like the V-chip, curfews, Internet censorship, cigarette regulation (for Clinton), public school prayer (for Dole). (See "The Lethal Center," August/September 1995.) Both the allegedly gay-friendly president and the allegedly decentralist Kansan support making marriage a matter of federal, rather than state, definition. Both talk up tax cuts designed to manipulate behavior in Washington-approved directions: toward college tuitions or more children, home buying or charitable giving. Both say they support a balanced budget, but without "extreme" spending cuts.

But Clinton says all this better, in more inspiring ways, with more convincing invocations of a better future. That he's often dissembling makes little difference, since explaining how his vision would in fact sacrifice the future to the demands of bureaucracy and central control requires an understanding of the world that Dole—like Clinton, a lifelong technocrat—does not possess. A man who sees creativity as opposed to morality, and who imagines that progress streams from government programs, is not up to the challenge of protecting the future from the machinations of the power hungry. R

REASON ANNOUNCEMENTS

Congratulations: To REASON contributing cartoonist Chip Bok, who was named "Editorial Cartoonist of the Year" by the National Cartoonists Society. In addition to his work in REASON, Chip draws for the *Akron Beacon Journal* and is syndicated by Creators Syndicate. Copies of his REASON cartoons, and those of Henry Payne and Scott Stantis, are available on REASON's Web site (http://www.reasonmag.com/reason), which has also recently added Campaign '96 links.

More congratulations: To our Reason Foundation colleague Bill Eggers and former colleague John O'Leary, whose book *Revolution at the Roots* shared the 1996 Sir Antony Fisher International Memorial Award, given by the Atlas Economic Research Foundation to "the book making the greatest contribution to the understanding of the free economy during the past two years." To order the book, see the ad on page 29.

In other news: We're delighted to announce that Charles Paul Freund has joined our staff as a senior editor based in Washington, D.C. Among his many accomplishments, Chuck is a former editor at *The Washington Post*'s Outlook section (where the freelancers he edited included Virginia Postrel) and the creator of *The New Republic*'s "Zeitgeist Checklist" column in the 1980s. His most recent contribution to REASON was in last December's book symposium, where he recommended that would-be Americans read *The Virginian*, *The Big Sleep*, and *On the Road* to understand the country.

Summer break: This is a double issue, as REASON takes a one-month summer hiatus.

Darwinian Politics

By Rick Henderson

Survival instincts of "citizen legislators"

COMMENTING ON THE REPUBLICAN minimum-wage rout, House Majority Leader Dick Armey quoted "The Bug," the Dire Straits song made popular by Mary Chapin Carpenter: "'Sometimes you're the windshield. Sometimes you're the bug,'" he said. "We've been the bug the past few days."

In a roundabout way, Armey was admitting that he and other House opponents of the wage hike were rolled: by Speaker Newt Gingrich, who argued that he would not stand in the way of a policy supported by 80 percent of the public; by nine Republican committee chairmen who voted for the hike; and, most surprisingly, by a disturbing number of the supposedly radical freshmen and sophomores, who provided 46 of the 93 Republican votes in favor of a higher minimum wage.

Beltway conventional wisdom has portrayed these short-timers as rabid antistatists. The freshmen and sophomores have also been praised by the advocates of congressional term limits, who claim that such "citizen legislators" would set aside parochial interests or concerns about their own re-election campaigns and vote against the expansion of the regulatory state. The minimum-wage vote certainly casts further doubt on the Republicans' willingness to restrain federal power. But it also suggests that a legislator's tenure in office may have little bearing on that person's attitudes about the size and scope of government.

If House Republicans were serious about reducing the intrusiveness of the federal government, voting against a minimum-wage hike should have been a no-brainer. Any minimum wage impedes the freedom of employers and employees to enter contracts without the government's interference. When 40 percent of House Republicans vote to expand government power, how can the party credibly argue that electing more GOP legislators will roll back the regulatory state?

GINGRICH'S AVERSION TO TAKING POLITICAL risks will remain a headache for Armey and the limited-government wing of the GOP no matter how the party does this fall. In the near term, though, the capitulation of the freshmen appears harder to explain.

Elsewhere in this issue, Cato Institute President Ed Crane makes a common argument when he says, "Americans clearly desire less government—much less. The single strongest piece of evidence for that proposition is that 80 percent of them support term limits....The common sense of a citizen legislature would give us Medical Savings Accounts, privatized Social Security, a repeal of the income tax, and much more."

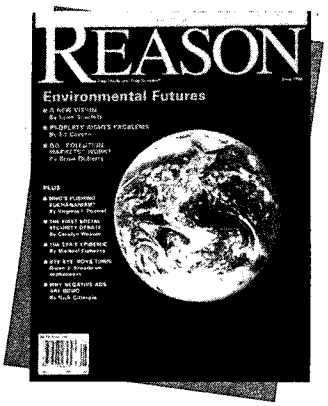
We can't be sure how legislators would behave under term limits, but recent votes cast doubt on that optimistic scenario. Two of the principal sponsors of term-limits legislation, freshman Van Hilleary (R-Tenn.) and sophomore Nathan Deal (R-Ga.) voted for the minimum-wage hike. And freshman Dick Chrysler of Michigan, who has led the move to abolish the Department of Commerce, also voted to raise the minimum. I asked a Chrysler staffer why an opponent of industrial policy wants the government to set wage rates. The aide told me that after the House passed a few minor protections for teenagers, people who work for tips, and "computer professionals," Chrysler felt comfortable voting for the wage hike. Talk about the letting the government pick winners and losers!

Perhaps voters don't want government to be smaller as much as they want it to be responsive—to give average voters what they want, which may very well be new populist regulations. The television V-chip, content controls on the Internet, and new "employment verification" systems designed to stop the hiring of illegal immigrants are three wildly popular, "common sense" regulations passed by this Congress. They expand federal power at the expense of liberty and privacy, and the lion's share of first- and second-termers rushed to vote for each of them.

Even some of the fiercest freshmen reformers have shown they see nothing wrong with bashing Beltway elites, demanding fiscal responsibility, *and* delivering pork to their constituents. Buchananite Zack Wamp (R-Tenn.) and Perotista Linda Smith (R-Wash.) held the House Budget Committee hostage when it tried to privatize federal facilities in their districts—the Oak Ridge Laboratory and the Bonneville Power Administration, respectively. Preserving high-paying, local engineering jobs and subsidized electric power is much more popular than defending "cheap foreign labor" or "corrupt lobbyists"—especially when the beneficiaries of an open, dynamic economic system are harder to identify than, say, your neighbor Joe who works at Oak Ridge.

The freshman/sophomore surrender may be easier to understand if you consider that these legislators are neophytes who may be spooked by their first tough re-election campaigns. They have never experienced vicious attacks focused at them by Beltway-based interest groups whose constituents demand tax subsidies or favorable treatment by regulators. In April the AFL-CIO announced it would double its political advertising budget and spend $35 million more than usual this election cycle to defeat congressional Republicans. The union's main targets: 75 House members, most of them freshmen.

By running scared, some of these "citizen legislators" have demonstrated that, unlike Cincinnatus, they would rather retain their political power than return to their plows. It seems that some folks really would prefer to be legislators rather than citizens. R



Property Lines

Ed Carson's "Property Frights" (May 1996) makes an excellent point: The property rights movement's greatest challenge is convincing urban voters that the issue affects them as much as it does large landowners or rural communities. Unfortunately, the notion of environmental protection still conjures up only the positive goals of fresh air and healthful waters. Few realize the commitment to socialism at the root of the insatiable demand for greater environmental regulation.

Reaching out with accurate information to all Americans is more important than ever, now that the Senate is preparing to vote on the Omnibus Property Rights Act (S. 605), which would provide compensation for property owners if government regulation devalues their property by at least 33 percent. Environmental groups, riding on a perceived wave of public support and arguing the bill will break the national treasury, have vowed to defeat it.

But hard facts belie the scare campaign used so effectively to defeat the Washington initiative. Specifically, the nonpartisan Congressional Budget Office reports that passage of the Omnibus Property Rights Act will have a negligible effect on the budget. In fact, it will actually save money by reforming regulatory procedures and eliminating expenses that might otherwise be spent on attorneys' fees, litigation costs, and adverse takings judgments. Also, successful track records for strong compensation laws in Florida, Texas, and Mississippi contradict the "budget buster" myth.

While the public supports environmental protection, they want their civil rights protected as well. Pollster Linda DiVall—whose findings are used to demonstrate support for increased environmental protection—shows that support for many regulations drops sharply when respondents discover their ineffectiveness and disregard for property rights.

In short, there are ample reasons why the public should support property rights reform. The problem is communicating that message.

Nancie G. Marzulla
President and Chief Legal Counsel
Defenders of Property Rights
Washington, DC

Property values and usefulness are undoubtedly diminished by taxes and regulation. Rural property owners bear the brunt of the burden because they do not have the political clout to avoid strict compliance. I suggest that the solution is to let urban and suburban citizens, and, yes, all government entities, feel the full effect of strict compliance.

A pothole in the country is a mini-wetland, but in the city it is a street problem to be fixed. Adequate drainage and flood protection are desirable in the city and illegal in the country. A homeowner (or renter) often applies more pesticide to a single rosebush than a farmer might use on many acres of cropland. A single dandelion in a manicured lawn will get more herbicide than an entire farm in the country. Standing water and the mosquitoes bred there are ruthlessly eliminated in urban and suburban areas but mandated in rural areas. Pigeons, sparrows, gulls, and swallows are poisoned in every city at the insistence of the same people who will not allow any pest control in rural areas. When raccoons turn over a garbage can in the suburbs, squads of animal-control bureaucrats eliminate the problem in the name of public health, but rural people are expected to live with the problem or face draconian penalties. The list could go on.

If environmental laws and regulations were rigorously enforced in the city, they would be politically intolerable and quickly repealed. Property rights activists should demand that the laws be uniformly enforced. Filing complaints about a suburban storm sewer or flood diversion might be more productive and cost effective than lobbying legislators or trying to win referendum elections. A few soil samples from the mayor's yard might show his topsoil is hazardous waste to be disposed of in the most expensive manner possible. Maybe the levees, dams, and storm sewers that keep his house from flooding are illegal and must be destroyed. Maybe a drippy faucet has created a wetland in his back yard that cannot ever be altered.

I firmly believe that strict and universal enforcement is the best way to eliminate bad laws and regulations. The purpose of most environmental law is to make everything outside the city limits a free playground for urban and suburban people. Only when the majority feels rank injustice will things change.

John C. Harper
73024.2310@compuserve.com

In 1946 I bought a 50-acre resort. Included was a beautiful 20-acre tamarack swamp, a refuge for many wild fowl, muskrats, mink, and raccoons. Deer found it a safe retreat. As a giant sponge it helped maintain the lake level. Continuous upgrading made the resort increasingly profitable. But resort work is endless and confining; and there is more money in developing. So I converted the resort to a con-

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dominium. Now, as a developer, I saw the 20-acre swamp as a potential 25-unit extension of the condominium. I no longer saw it as a refuge or a part of nature's grand scheme—I just saw dollar signs. Wisconsin had a wetlands law but I was able to maneuver a variance. A drag line, bulldozer, and rip rapper were ready to go. But the two-year effort gave me time to reflect and when I balanced my dollar gain against the environmental damage I would create, I passed. I did not believe my deed to the property gave me the right to destroy it.

Arch Jaecks
Wenatchee, WA

The Scarlett Letter

Lynn Scarlett's article ("Evolutionary Ecology," May 1996) is a *tour de force* that should receive wide circulation. She is unquestionably one of the top environmental writers today.

Three issues touched upon by Ms. Scarlett may be worthy of further exploration. First, I would suggest that the significance of recognizing state authority may be far greater than indicated—it may well be the indispensable key to both continued environmental improvement and legal reform.

Second, it is important to note that environmental *standards* are generally not uniform; states have carefully protected their authority to set standards stricter than national minimums. Nonetheless U.S. EPA has often sought to impose uniform implementation processes, leading to the dysfunctional results outlined by Ms. Scarlett.

Finally one hopes that Ms. Scarlett will begin to outline a language of leadership to communicate and implement her "environmental institutions." The existing public dialogue on these issues is outdated and may well be inadequate for what is now required.

James M. Strock
Secretary for Environmental Protection
Cal/EPA
Sacramento, CA

Smoking Mad

Jacob's Sullum's article "Smoke Alarm" (May 1996) is putatively an attempt to put the widespread social disapproval for marijuana consumption in historical perspective. It is also, however, meant to provide an argument showing that those social concerns are an overreaction, just as were turn-of-the-century attitudes toward cigarette smoking.

Sullum's argument seems to be: 1) Opposition to cigarette smoking was based on moral condemnation rather than questions of physical hygiene; 2) those moral concerns were spurious; 3) current opposition to pot smoking is also based on moral condemnation; 4) so it, too, must be spurious. Unfortunately, Sullum's argument fails twice over.

First, the argument is fallacious even if we concede the truth of its historical claims. Suppose that the moralistic campaign against cigarette smoking really was spurious. It doesn't follow that the moralistic campaign against pot smoking is spurious unless cigarette and pot smoking are fundamentally similar activities. Sullum produces no evidence for this assumption, simply implying that anyone who believes otherwise is buying into anti-pot propaganda. Unfortunately, this assumption begs the question: Even if cigarette smoking left us morally intact, pot smoking could be different. Sullum never grapples with this issue.

Second, Sullum never explains why the moral condemnations of cigarette smoking were spurious. Nicotine is, after all, an addictive drug. Arguably, addictions do undermine the conditions of rational agency and moral responsibility. There is moral significance to the fact that people sometimes want to quit smoking but find to their surprise that they can't. In many conceptions of morality, a person is blameworthy for voluntarily putting him or herself into such a demeaning position. If that is right, then cigarette smoking is morally problematic.

It's one thing to oppose the war on drugs because it threatens the rule of law and procedural rights. It's another thing to make lame excuses for the moral and intellectual deficiencies of potheads. The former argumentative strategy will help libertarians make the case for decriminalization to a public that is skeptical about the war on drugs; the latter won't.

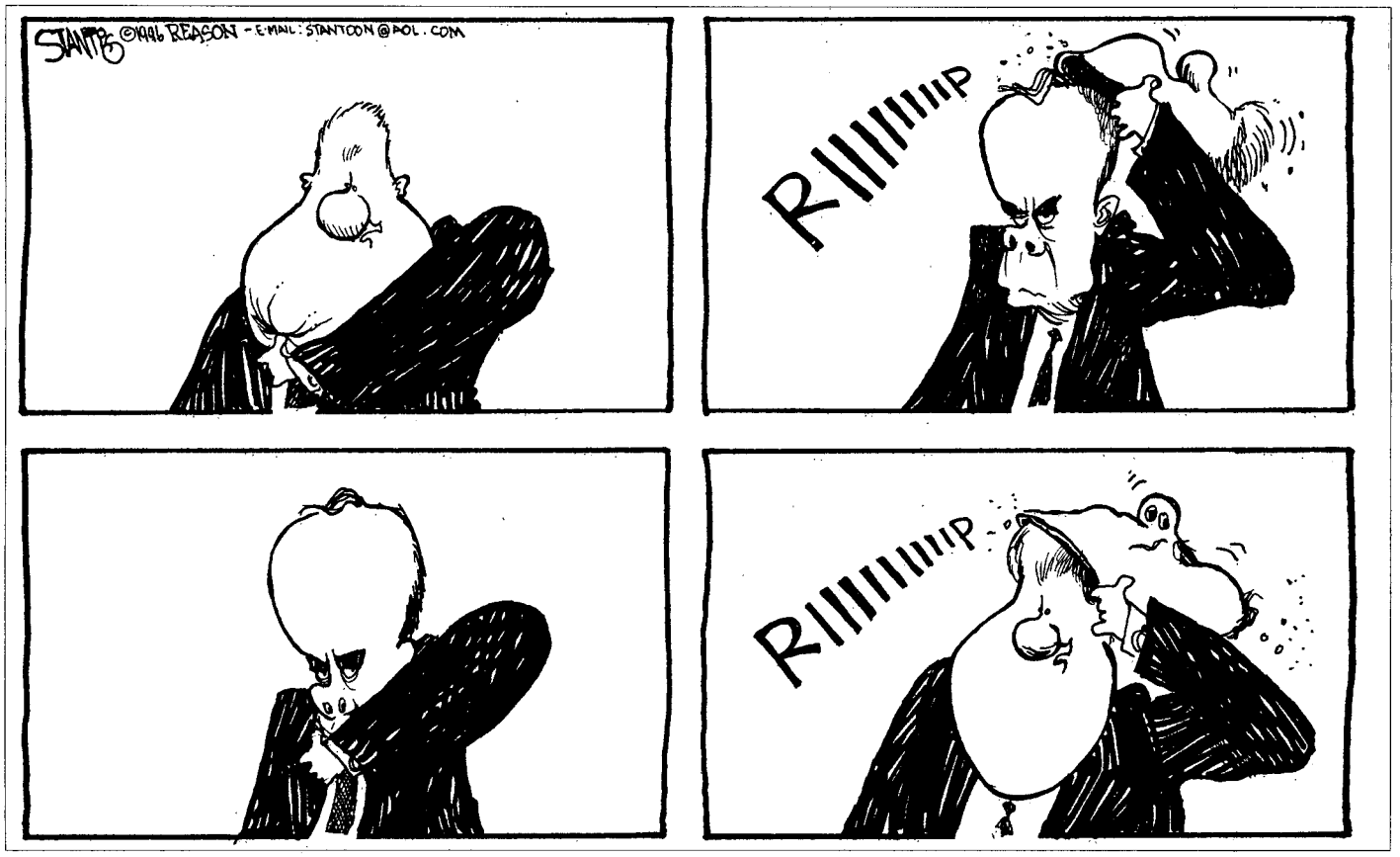
Irfan Khawaja
Princeton, NJ

Mr. Sullum replies: As I stated, the comparison between yesterday's fears about tobacco and today's fears about marijuana was intended to be suggestive, not conclusive. Obviously, the fact that people once believed things about tobacco that seem silly now does not prove that contemporary concerns about marijuana are unfounded. But given the pharmacological differences between the two substances, the parallels are striking. They illustrate the point that a drug's reputation is shaped by factors other than chemistry. And yes, the way that perceptions of tobacco (and other drugs) have shifted over the years should give pause to anyone who automatically accepts extravagant claims about the hazards of marijuana.

An examination of the scientific record confirms that skepticism is appropriate. As I noted, there is no credible evidence that marijuana in moderation causes brain damage, destroys motivation, saps productivity, contributes to crime, or leads to "hard" drugs. Like any other psychoactive substance, marijuana can be abused, but it is generally used responsibly—a point that Irfan Khawaja's sweeping condemnation of "potheads" obscures.

If by saying that addictions may "undermine the conditions of rational agency and moral responsibility," Mr. Khawaja means to imply a kind of pharmacological compulsion that negates free will, I disagree. In any event, it is one thing to suggest that cigarette smoking is "morally problematic," quite another to say that it damages intelligence, turns boys into liars and criminals, makes students and workers lazy, and fosters opium addiction. I believe that it is fair to say that these ideas have been discredited. If Mr. Khawaja can offer evidence to the contrary, I would be eager to see it.

CHIP BOK



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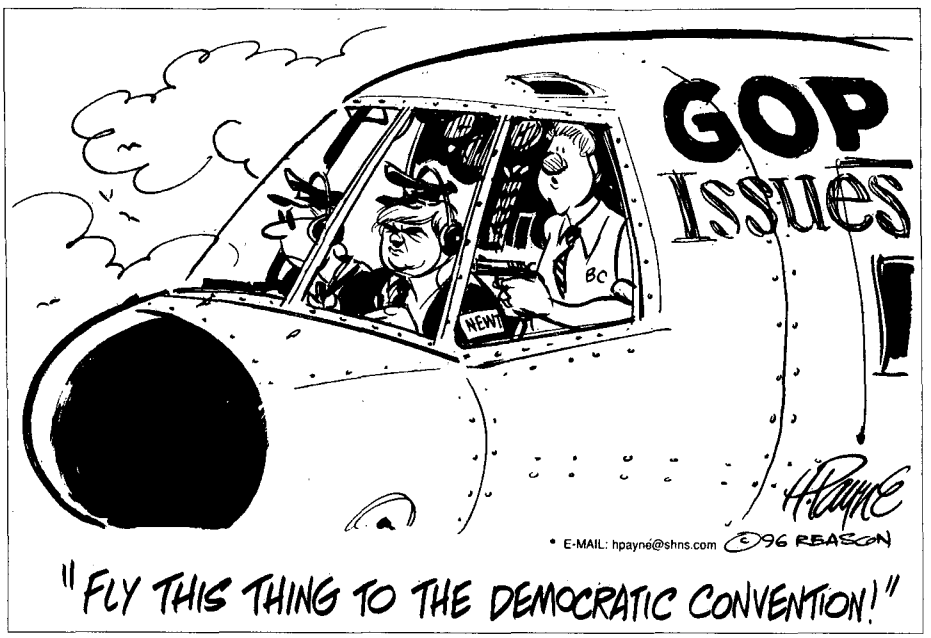


HENRY PAYNE

■ **The Bureau of Alcohol, Tobacco, and** Firearms was looking for a cache of illegal arms, but when its agents raided the Mueller family's home one night, they didn't even find a BB gun. Agents in St. Charles, Missouri, broke down the door, held the family at gunpoint, and ripped the place apart. It was only after the raid was nearly finished that they bothered to show the terrified family their warrant. The agents left without so much as a "sorry for the inconvenience." The BATF blames its error on a mistaken tip from an informant.

■ **A shopowner in Buffalo, New York,** wasn't much luckier. A burglar alarm drew three officers to his convenience store. The store's surveillance cameras later revealed that the cops had barely arrived before they started helping themselves, at the store's expense, to snacks. The three police officers were later suspended.

■ **Officials at St. Joseph's High School in** South Bend, Indiana, knew Jody Martinez wasn't a Catholic when they hired him to coach basketball and teach three years ago. That didn't matter then; he was by all accounts a good teacher, a devout Christian, and a good role model. But when officials found out that he was a Catholic before he became a Baptist, they demanded his resignation. Bishop John D'Arcy said, "For him to continue to teach here would be a counter-witness against the mission of our church."

■ **No sooner had William Luster been** hired as transportation commissioner in Boston than he was forced to resign. City authorities didn't find out until they'd put him in traffic safety that he had five tickets and three accidents on his record. But the final straw was the ticket he got for blocking a handicap ramp while he was in town interviewing for the job.

■ **Remember how cool shock therapy** looked in *One Flew Over the Cuckoo's Nest*? OK, maybe not. But the procedure is coming back into vogue, and some sources suggest that might be because it's covered by Medicare. A Texas study showed seniors are 360 percent more likely to get the treatment than 64-year-olds not yet eligible for Medicare.

■ **In the South Pacific nation of Tonga, a** journalist has been given an 18-month suspended prison sentence. His crime: By printing a letter to the editor accusing the government of harassing pro-democracy forces, he violated a law against angering a government official.

■ **Christopher Kerins was arrested for** bank robbery by Cincinnati police after he led them on a six-mile chase. The police found 346 doses of heroin in Kerins's hotel room and added drug-trafficking charges. Kerins, a New Jersey police officer, was in Cincinnati for a law enforcement convention.

■ **A group of deaf fans is suing the San** Antonio Spurs and the National Basketball Association under the Americans with Disabilities Act. They are demanding captioning on big-screen TVs and on smaller monitors in basketball arenas to display game commentary, announcements, and referee calls.

■ **Militant Muslims attacked cyclists and** staff at a Tehran sports complex. The religious reactionaries want to ban women from riding bicycles, calling it indecent.

■ **And in related news, Republican Reps.** Roscoe Bartlett, Chris Smith, and Robert Dornan are trying to ban the sale of *Playboy* on military bases.

■ **Pouty-sex-symbol-turned-animal-rights-**nut Brigitte Bardot has angered Muslims. Each year in France and elsewhere many Muslims commemorate Abraham's sacrifice of a sheep. They do so by, well, slaughtering a sheep. Bardot disapproves. She wrote an editorial in a paper decrying the ritual, and she complained that "my homeland, my earth, is again invaded, with the blessing of successive governments, by an overpopulation of foreigners, notably Muslim."

■ **Speaking of France, each year the new** vintage of Chateau Mouton-Rothschild bears a label designed by a well-known artist. This year it's a discreet drawing of a nude adolescent by Balthus. But apparently it's not discreet enough for America. After complaints from anti-porn activists, the BATF rejected the label. So all the bottles sold in the United States will have blank space where the drawing was.

—Charles Oliver

An End to Highway Robbery?

Lower taxes, less, pork, better roads

By Rick Henderson

THE FEDERAL GOVERNMENT COLlects around $15 billion in gasoline-tax revenue a year, but not all of that money funds highway construction or maintenance. For instance, the big 1991 transportation bill called the Intermodal Surface Transportation Efficiency Act (ISTEA) included $30 million to build a moving sidewalk in Altoona, Pennsylvania, $30 million to maintain recreational motorcycle trails, and $17.3 million to subsidize a trolley, a visitors' center, and a museum complex in Texas.

Now Sen. Connie Mack (R-Fla.), Rep. Nick Smith (R-Mich.), and Rep. John Kasich (R-Ohio) hope to dry up a major source of that pork-barrel spending by repealing most of the federal gasoline tax and making tax collection and road construction state responsibilities. By 1999, the plan would do away with all but two cents of the 18.4 cents-a-gallon federal gas tax. The remaining two cents-a-gallon tax would fund maintenance and emergency repairs on the Interstate system, giving states the option to make up the difference.

At press time, Mack, Smith, and Kasich hadn't resolved how quickly they would phase those taxes out. Before House Speaker Newt Gingrich and then–Senate Majority Leader Bob Dole talked about repealing the 1993 4.3 cents-a-gallon tax increase, Mack had originally planned to leave it in place. And all the sponsors want to make sure gas taxes raise enough money to fund highway construction projects already under way. Sometime before the July 4 recess, the legislators will decide whether they will offer identical bills in the House and Senate or make separate proposals with different phase-in schedules.

Pork-barrel spending isn't the only raw deal taxpayers get from federal highway projects. Transportation analyst Gabriel Roth, author of *Roads in a Market Economy*, says such mandates as Davis-Bacon wage laws and requirements that contractors buy American-made products make federal road projects as much as 28 percent more expensive than those financed by state governments. A Claremont Institute study issued last September estimates that federal mandates add more than $200 million a year to highway costs in California. And "Defederalizing Transportation Funding," a forthcoming Reason Foundation study, points out that only 13 states gain money from the arcane formula that redistributes money from the Highway Trust Fund to the states.

Writes Reason Foundation President Robert W. Poole Jr., "All 37 other states would be better off, in dollar terms, if there were no federal gasoline tax and no federal Trust Fund." By the time ISTEA comes up for reauthorization next year, Congress may have a lot less money to throw around. ®

A Hopeful Ratio

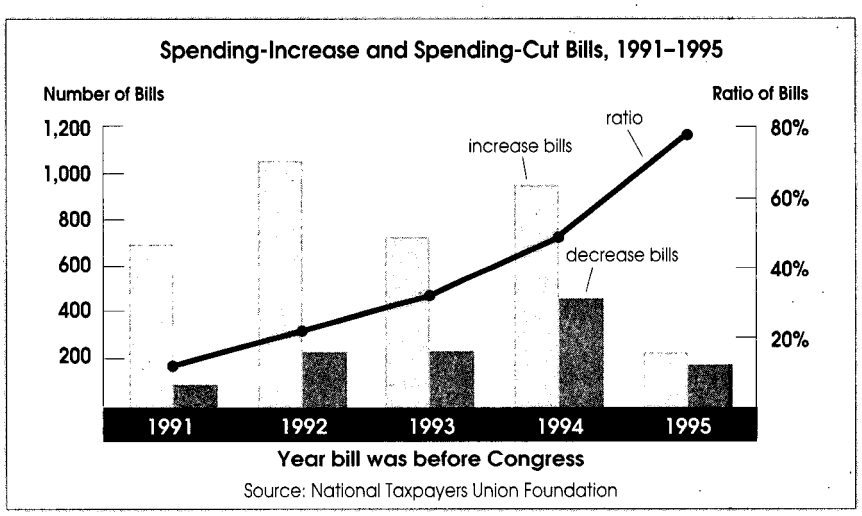
Members of Congress seem less willing to sponsor costly bills

By Brian Doherty

Once upon a time, sponsoring bills to increase spending was more popular than backing cuts. That seems to be changing.

Since 1991, the ratio of spending-increase bills to spending-cut bills has dropped from 12-to-1 to 5-to-4, according to data from the National Taxpayers Union Foundation. In 1992, over 1,000 bills were proposed that would raise spending by more than $1 million; in 1995, there were fewer than 300.

Only around 10 percent of proposed bills ever make it to a full vote, so this trend doesn't necessarily mean Congress will end up spending less. "But that ratio does get reflected in the amending process and in a general pressure to see bills passed," says NTUF Executive Director Paul Hewitt. Hewitt hopes that publicizing the data will have "a shaping effect on the institutional fiscal culture in Congress, making them more reluctant to sponsor spending bills and more willing to sponsor bills that cut spending."



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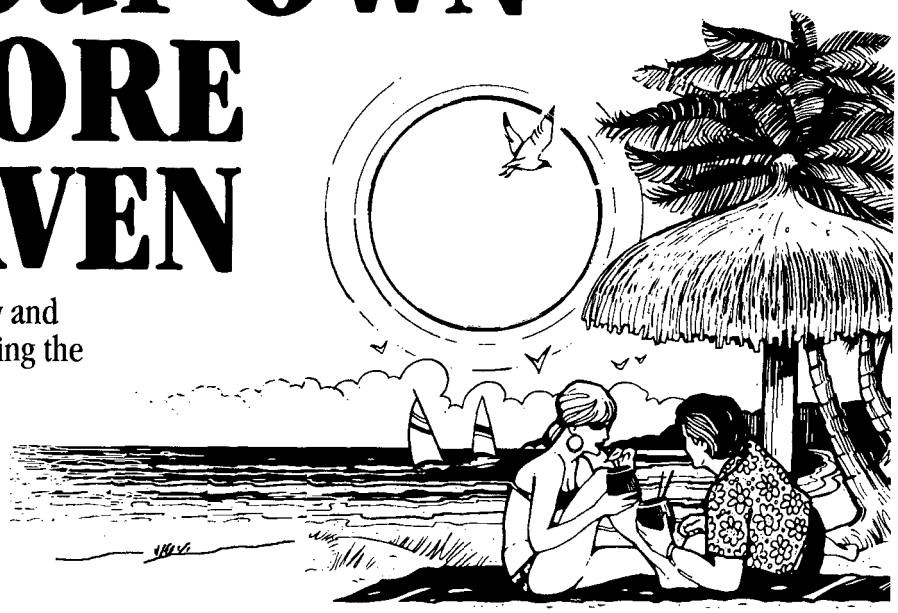

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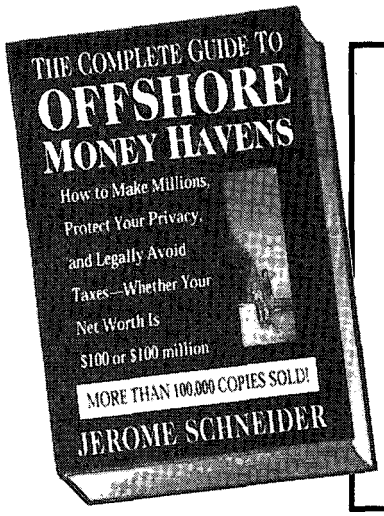
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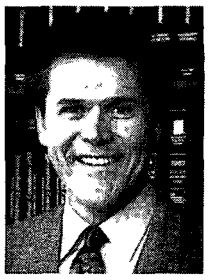

Jerome Schneider

About the Author ...

Jerome Schneider is a foremost authority on international finance and investing. For more than 20 years, he has helped businessmen, investors and entrepreneurs make and save fortunes using the world's offshore financial centers.

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Reason

Balance Sheet

By Rick Henderson

Assets

Continental Shift. France will end its military draft before 2002. President Jacques Chirac says conscription, which has been in place since 1905, "doesn't respond to the exigencies of a modern nation." The country will supplement its new, professional army with a system of voluntary civil and community service open to men and women.

Current Affairs. The 1996 budget resolution starts closing federally run electric utilities. The Alaska Power Administration will soon go out of business, first by transferring the Eklutna Project (a dam) to the state's three utilities. The state will soon purchase the Snettisham Project from the APA.

Fair Play. CBS produces *Ruby Ridge: An American Tragedy*, a remarkably fair two-part movie on the Idaho showdown. Scriptwriter Lionel Chetwynd tells the *Los Angeles Times* he disagrees with Randy Weaver's views, "but he is still my fellow citizen and if I don't look out for him, then I am inviting the same treatment upon myself." Says executive producer Edgar J. Scherick, "Randy Weaver had never pointed a gun at another man in anger. By what right should his wife and child be dead now? By what right should that marshal be dead now?"

Test Case. Concerned about your HIV status? You can soon test yourself at home. The Food and Drug Administration approves a $40 testing kit that will let individuals give themselves simple blood tests, send them to a physician, and get the results with a confidential phone call, saving the extra expense of an office visit.

Liabilities

Lights Out. Bill Clinton urges cities to implement dawn-to-dusk curfews for children younger than 17. Not to be outnannied, Rep. Bill McCollum (R-Fla.), architect of the "tamper-proof" Social Security card, says the feds should offer $250 million as "incentives" for cities to join the curfew craze.

Children's Hours. Federal Communications Commission Chairman Reed Hundt and Commissioner Susan Ness want to force broadcasters to show three hours of "children's educational programming" a week. (The Smurfs count. The Flintstones don't. No kidding.) Commissioners James Quello and Rachelle Chong had opposed mandates for kids' TV, leading to a 2–2 standoff. Until now: Quello retreats, in part citing agency "gridlock."

Vintage Cops. Relying on Prohibition-era legal precedents, 28 states outlaw direct shipping of beer, wine, and spirits from alcohol producers and such mail-order houses as the Beer of the Month Club. (In Kentucky, direct shipping is a felony.) Those states ask the Bureau of Alcohol, Tobacco, and Firearms to outlaw out-of-state booze shipments nationwide. If the BATF refuses, the states want Congress to intervene.

Nanny State. Wonder why European economies are moribund? Consider Italy, which requires pregnant women to leave their jobs for the last two months of their pregnancies and the first three months after they give birth. During this time, expectant mothers receive full salaries, 80 percent provided by taxpayers. And any woman who has a compliant doctor can get permission to take her entire pregnancy off, and as much as three years away from work after having a child. Taxpayers handed over almost $1 billion for maternity leaves last year.

Let Loose the Costs of War

They can be higher than expected.

By Brian Doherty

"SURPRISE, SURPRISE, SURPRISE" as Gomer Pyle might put it: Cost estimates for the military's foreign adventures can be wildly understated.

The General Accounting Office has come out with a series of reports on the various "contingency operations" that take U.S. troops to foreign shores. Since these operations come up suddenly, they aren't handled in the normal budget process. Instead, the Pentagon requests supplemental funds, guessing how much the operations will cost.

Unfortunately, in the former Yugoslavia, the military grossly underestimated the number of camps needed and the cost of preparing them. Contractor costs, which the Defense Department told Congress would be $192 million, ran to $247 million just through February. Those final costs will probably come in at more than *twice* the original DoD projection, as did deployment transportation costs.

Fiscal 1995 was a busy year for these outside-the-normal-appropriations-process operations. U.S. troops zipped off to emergencies in Cuba, Haiti, Rwanda, Somalia, Iraq, and Korea as well as the former Yugoslavia. The U.S. military spent over $2 billion in these unbudgeted funds "over there" last year.

Interestingly, spending on contingency operations spiked in the last month of the fiscal year. Had it been equivalent to the average monthly spending for the rest of the year, the final total would have been $254 million less than it turned out to be. The GAO says it can't find any "surge of operations...of sufficient magnitude to account for the surge in reported costs" in the last month. Perhaps the military is proving a special bureaucratic twist on the principle, "You gotta spend money to make money." R

The Doctor Is In

An alternative to health care cost catastrophes

By William D. Eggers

In 1995, Los Angeles County faced one of the most serious fiscal crises of any county in the United States. The culprit: ballooning costs from a government-run health care apparatus that included six hospitals and 39 health centers and clinics. New York City—which owns a dozen hospitals and employs more health care workers than the total number of city employees in Boston, Cleveland, San Diego, and Seattle combined—is also experiencing major problems with its health care system.

Maricopa County, Arizona, supervisors think they have a cure: getting county government out of the health care delivery business. In what could become a model for other troubled city and county health care systems, Maricopa County—which includes Phoenix—privatized its entire $620 million-a-year health care system in late March. The county hospital and a dozen clinics were turned over to S. K. Ching and Associates, a private firm based in Los Angeles.

Maricopa County had spent about $46 million a year on direct health care costs and millions more on indirect costs, but generated only $26 million in revenue. Under the terms of the contract, Ching will pay $12.5 million a year in rent for the Maricopa Hospital and the clinics and will receive a fee of $33 million a year to provide care for the uninsured poor. The contract also allows the county to share in any year-end profits.

Tom Rawles, the county supervisor who spearheaded the privatization efforts, estimates the county could save between $80 million and $100 million over the life of the lease without lowering service quality. The savings would come from reducing the county's indirect costs and from the profit-sharing arrangement. "The same people will go to the same facilities and will be treated by the same doctors," says Rawles. "The only thing different is that we have found a new, a better, more efficient way to deliver services."

The county also expects the contract to lead to substantial physical improvements to the health care facilities. Ching has to make $25 million in capital improvements over a five-year period. The firm will have total control over the county's health operations, enabling the company to set fees, close programs, and negotiate purchases free from a host of cumbersome public-sector bureaucratic and legal restrictions.

"It took us six weeks and six signatures just to hire a nurse," says Rawles. "Government can't move fast enough to be in the health care business." R

The Perils of Success

Revisiting New Zealand's decade of privatization

By Rick Henderson

This October, New Zealand will hold its first general election under a system of proportional representation. Why would the only Western-style democracy running budget surpluses and reducing its public debt with less than 2 percent inflation toss aside a stable two-party system in favor of fractious coalition governments? A backlash against its aggressive decade-long privatization program might be a principal cause.

In 1984 New Zealand may have had the most tightly planned economy outside the Communist bloc. And the nation was a basket case. Public debt totaled 43 percent of national income, inflation was 6 percent, unemployment was 8 percent, and Finance Minister Roger Douglas said the country "was bankrupt—about to go into [International Monetary Fund] receivership."

Douglas's Labor Party won the 1984 election and implemented sweeping reforms. Labor freed the exchange rate and farm prices; repealed import and foreign-investment restrictions and agricultural subsidies; cut the top income-tax rate from 66 percent to 33 percent and implemented a 12.5 percent consumption tax; placed many of the 23 state-owned businesses up for sale; and put the head of the nation's central bank under a performance contract that made his sole job keeping inflation between zero and 2 percent.

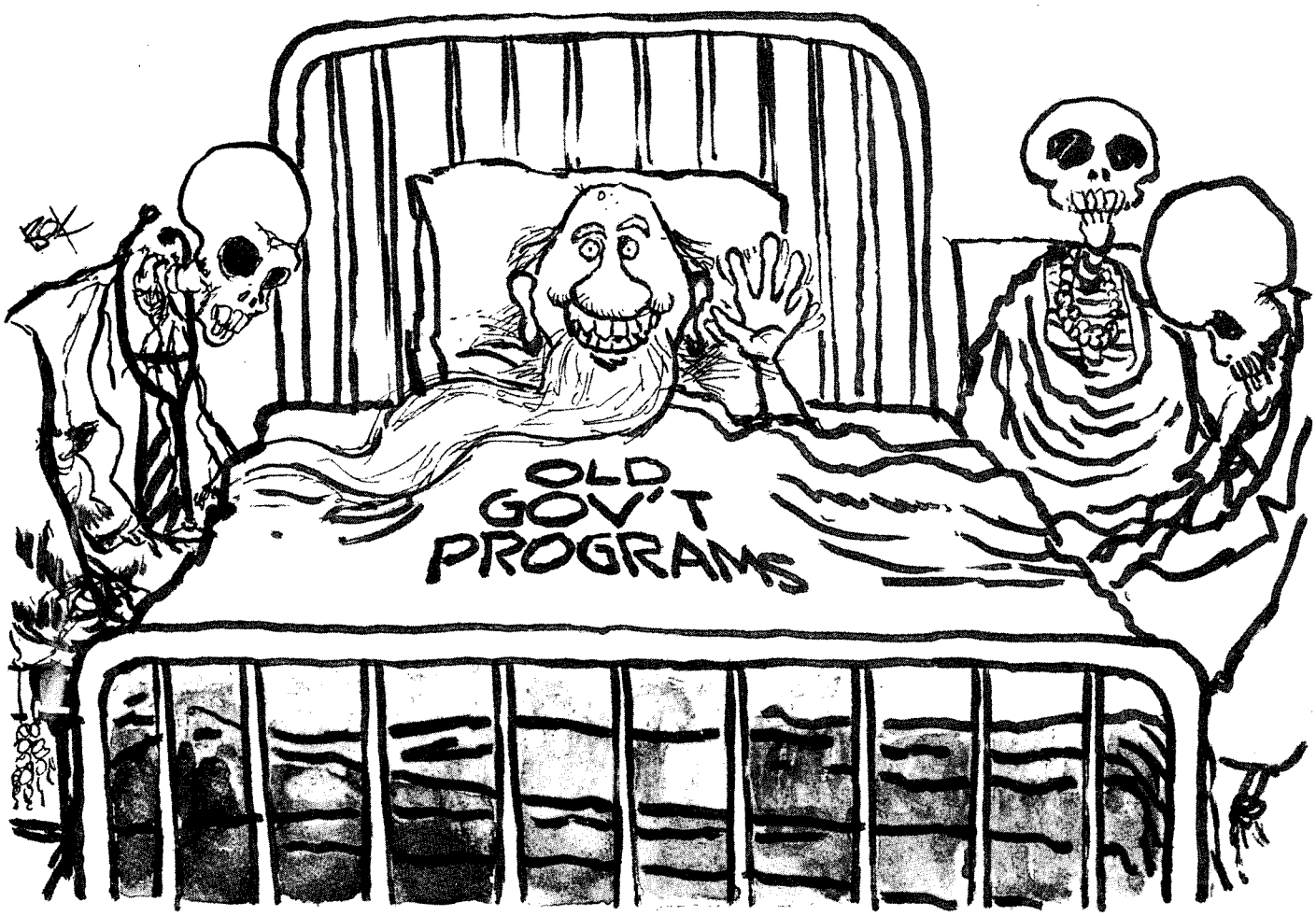
Thanks to "Rogernomics," New Zealand Rail—which was NZ$70 million in debt when a group of private companies bought it in 1993—turned a NZ$73 million profit last year. New Zealand Post, the privatized mail company, cut stamp prices from NZ 45 cents to NZ 40 cents last October, and Telecom, the privatized phone company, wants to bid against American companies to provide service in the United States. Unemployment is less than 6 percent, real economic growth exceeds 4 percent, and public debt is now less than 30 percent of GDP.

But Rogernomics roiled the political system. The Labor Party split in 1988 when Douglas proposed a flat tax and privatizing health and retirement benefits. Labor then lost the 1990 election to the National Party. And populist reformers pushed through the proportional-representation reform. It will give seats in the legislature to any party that gets at least 5 percent of the vote.

The biggest beneficiaries of the new system may be the New Zealand First Party, which wants to re-establish trade and exchange barriers, cut off immigration, and force the central bank to pump up the money supply. Recent polls show New Zealand First getting 29 percent of the vote, moving past the Labor Party into second place; National Party support has dropped below 40 percent. R

Eternal Life

Why government programs won't die.



Consider two risible objects, Woody Allen and the National Sheep Industry Improvement Center. One is risible because it is mortal. "It's not that I'm afraid to die," Allen once said, "it's just that I don't want to be there when it happens." The other is risible because it is immortal. It is living proof that, four years after Bill Clinton came to office promising a new day and two years after Newt Gingrich did the same thing, Washington is still in deep trouble.

Back in 1954, when wool was a vital strategic commodity (for military uniforms), the government set up a subsidy for wool producers. Then Dacron happened, and by 1960 synthetics had knocked wool from the Pentagon's must-have list. Nonetheless, three decades later the subsidy for wool and mohair (the fleece of Angora goats—don't ask) was still amiably handing out $100 million or more each year to ranchers, 1 percent of whom got almost half the payments. Finally, in 1993, a Democratic Congress, embarrassed by what *The New York Times* mocked as the "mohair toilet seat," killed the thing. The wool program died that year alongside the equally bizarre honey subsidy, the Advanced Solid Rocket Motor program, and the Superconducting Super Collider. *Requiescat.*

Well, it looked dead. But killing a program is not the same as killing a lobby. After a decent interval and a switch on Capitol Hill from old-style Democrats to newfangled Republicans, the wool people stuck their head up again, and last April their persistence paid off. Thanks to Sen. Larry Craig—a Republican from Idaho and supposedly a conservative—Newt Gingrich's Congress tossed the wool lobby a new National Sheep Industry Improvement Center, empowered with up to $50 million in federal funds to "enhance production and marketing of sheep or goat products in the United States."

Has nothing changed in Washington, then? On the contrary, practically everything has changed—politically. Congress went from Democratic to Republican, from Hillaryism in 1994 to Gingrichism in 1995. The presidency passed from Bill Clinton I, tribune of Renaissance Weekend activism, to Bill Clinton II, soldier of the center and prime snatcher of Republican real estate. The public gave Clinton a mandate against Bushian do-nothingism, then gave Gingrich a mandate against Clintonian activism, and now seems about to give somebody—Clinton II or Bob Dole, it scarcely matters which—a mandate against Gingrichite activism.

ILLUSTRATIONS: CHIP BOK

By Jonathan Rauch

Through it all, the public is as disenchanted as ever with its government. Now, though, it is equally disenchanted with government's would-be reformers, the Gingrichites. So now everybody has a problem. Conservatives and libertarians find that the ramshackle, rolling accumulation of stuff known as the federal government pauses for a moment when faced with an outbreak of anti-government zeal—and then brushes it aside. Liberals and other friends of government find that Washington is still too bogged down in its own past to do anything well.

And government-friendly reformers—people like me, who think government should do less to do it better—have a problem, maybe the biggest problem. I think government needs a thorough housecleaning, not so much to make it smaller (it will never be very small) as to make it more focused and flexible. It needs to stop trying to do everything for everybody at once. A housecleaning, ultimately, would probably please the public. But, presented with such a reform in a political context, the public resolutely blocks it.

So do the people want reform, or don't they? The answer is: yes. The lesson of the Year of Newt is, I think, fairly depressing, and not just for Gingrich's sympathizers. Between comprehensive disaffection with government and comprehensive reform of government lies a vast chasm, and no bridge. The public despises government and it desires reform, at least in principle. Yet there appears, at least at present, to be no path from here to there.

"Nonsense," say grumbling populists, "the problem is that Washington isn't listening to The American People. It's too busy with its partisan bickering to get anything done. It's out of touch and gridlocked—that's the problem."

Actually, that's not the problem. Neither out-of-touchness nor gridlock is anything like the real problem. To think of Washington's mess in those terms, as most of the public does, is to rush straight off in the wrong direction.

American politics has never been more responsive, indeed more capricious, than it is now. Washington has never been more eager to react to every passing electoral mood. Angry this week about immigrants? Wages? Gas prices? Beef prices? A bomb? A recidivist child molester? You can be sure a bill will be on the floor of Congress

tomorrow, if not sooner. Those who say Washington doesn't listen have always been wrong, but right now they are spectacularly wrong. American politics in 1996 is hyper-responsive.

The trouble is that American government is inert. Indeed, the more responsive politics becomes, the more inert government grows. The more frantically the one reacts, the less effectively the other adapts. And this counterpoint is no coincidence. Each begets the other.

In a book published in April 1994, I nicknamed this paradoxical syndrome "demosclerosis" and tried to use theory rather than anecdote to explain government's gradual collapse into manic maladaptation. The problem, I argued, is in society, not just in Washington. As the economist Mancur Olson has shown, society inherently generates goody-hunting, demand-making interest groups (lobbies, basically) much faster than it gets rid of them. The lobbies stream to Washington seeking to win and then defend some subsidy, regulation, or tax break. The more eagerly government scrambles to keep everybody happy, the less able it is to pluck these barnacles from its sides. So it succumbs to a kind of living rot.

The public is as disenchanted as ever with its government. Now, it is equally disenchanted with government's would-be reformers, the Gingrichites. So everybody has a problem. Conservatives and libertarians find that the federal government pauses for a moment when faced with an outbreak of anti-government zeal—and then brushes it aside. Liberals find that Washington is still too bogged down in its own past to do anything well.

Whatever else it may be, demosclerosis is not "gridlock." If people really just wanted Washington to "get more done," they should be much happier with government in the 1990s than in the 1950s, since by all relevant measures (spending, new laws, new regulations, workdays) government does far more now than it did then. In fact, however, the reverse is true. Polls show that, over the past 40 years, the level of dissatisfaction with government and the annual page count of new laws have moved in an almost exactly inverse relation to one another. The more government "gets done," the less people like it.

Washington's problem is not that it goes the wrong speed, but that its wheels are out of alignment. To "get things done" is difficult, which is as it should be. The trouble is that to get things *undone* is an order of magnitude harder. And that, over time, is a crippling infirmity.

Human cells kill themselves so that the body as a whole can live. But old programs virtually never die. Built into both the system and society is a structural imbalance akin to the Olsonian accumulation of interest groups: Each government program and subsidy is begotten by, or begets, an interest group that cares much more about keeping it than anyone else cares about killing it. As a result, to a first approximation the American government is still doing more or less everything it ever did for anyone—all the way back to maritime subsidies from 1789.

The Pentagon, which has its own $6 billion cargo fleet, now says maritime subsidies are unnecessary. But those subsidies have doled out $10 billion since 1936. No wonder maritime shippers and (especially) unions have given $17 million in political donations over the past decade alone. And no wonder, too, that the subsidies never die. Republicans and Democrats may come and go, but the basic imbalance remains: Programs appear much more readily than they disappear. Everything is quasi-permanent.

For conservatives, the problematic result is that government accretes functions, usurping them from actors better able to perform them. But my goal in *Demosclerosis* was to show that government-friendly liberals should be just as concerned. Government can no more thrive while continuing to do everything it has ever done than General Motors could thrive while producing every car it has ever made (and heaven knows, GM tried). Today's dysfunctional welfare system was designed for widows in the 1930s and has not been fundamentally overhauled since then. Agriculture subsidies were meant to be Depression-relief measures. Stuck with all of its first tries virtually forever, government loses the ability to end unsuccessful programs and try new ones. It fails to adapt and, as maladaptive things do, becomes too clumsy and incoherent to solve real-world problems.

The prescription, I argued, was twofold. First, focus market pressure on entrenched lobbies by exposing them to economic competition, especially through trade and deregulation. Much of this is happening now, thanks to new technology and permeable borders. Second, clean out government's attic by throwing out lots of programs, not only to free up captured resources but also to defund the lobbies that capture them.

However, killing just the odd program or two is a sucker's game. No one cares if maritime subsidies stop tomorrow except the maritime lobby, which will lash out like a rattlesnake. The treatment for demosclerosis requires, instead, rounding up and killing enough subsidies to make a difference that is visible to the voters, whether in the form of a lower deficit, lower taxes, some new programs, or some blend of the three. With a big enough package and a pot of gold at the end of the rainbow, the

broad electorate can, in principle, be mobilized against a collection of narrow lobbies. It happened, after all, in the tax reform of 1986.

Here is where Gingrich comes in. Unlike Bill Clinton, he understood the problem. His troops burned with hunger to do something about it. Their Contract with America gave them something they could wave as a mandate. All in all, last year appeared to give the Republicans an opening for reform on a scale that might make a difference. Gingrich, like me, believed that reform would be a hard sell at first but could win friends at the end of the day. He was wrong and he failed. Why?

Most obviously, because President Clinton put up a fight. He controlled enough Democratic votes to sustain his veto, and he began to enjoy using it. The most common interpretation of Republicans' failure—the Republicans' own favorite—points to Clinton and says, "Just give us the presidency. Then you'll see something."

Maybe, but probably not. Two noteworthy facts undermine the notion that the Republicans' failure was mainly the White House's doing. The first is that, as became clearer over the weeks, the president had the public on his side. The Republicans bet everything on their assumption that Clinton's veto would be too unpopular to use more than sparingly. Faced with an electorate clamoring for change, they believed, the president would have to meet Congress at least halfway. The reverse turned out to be true. The more obstructive Clinton became, the more people liked him. Conventional wisdom initially said he could not get away with vetoing both a budget package and a welfare reform. Wrong. He vetoed both, and not only did he look more presidential as a result, but the public expressed relief rather than rage. Reform, yes, but not *this* welfare reform. Not *this* budget. What the Republicans ran into was public opposition, not just political opposition.

Two noteworthy facts undermine the notion that the Republican's failure was mainly the White House's doing. The first is that, as became clearer over the weeks, the president had the public on his side. A second fact is still more damaging to the "Just give us the White House" interpretation: The Republicans themselves abandoned most of their "revolution" well before it reached the president's desk.

A second fact is still more damaging to the "Just give us the White House" interpretation: The Republicans themselves abandoned most of their "revolution" well before it reached the president's desk. To be sure, they stood by their laudable determination to make serious strides against the deficit. They also proposed some significant (though hardly huge) reductions in Medicare. And, finally, they held to their genuinely revolutionary plans to cap welfare and Medicaid and turn them into block grants for the states. In the main, however, what they did was nothing like a housecleaning.

That was all the more disappointing because they began promisingly, in May 1994, with a budget proposal that went further than anyone, including President Reagan, had gone. It would have eliminated about 300 programs, some of them fairly big. But six months later, by the time the lobbies had done their work and various members of Congress (of both parties) had ridden to the rescue of various damsels in distress, the list of significant eliminations was more like 30, according to Stephen Moore of the Cato Institute. In the House, a proposed reduction of about $15 billion in direct subsidies to industry ended up as an actual reduction of $1.5 billion, according to *The Washington Post.*

This is not to say that no reforms were made. Things have improved somewhat. In 1992, when President Bush asked to get rid of 246 mostly small programs, Congress eliminated all of eight, worth a total of $58 million. In 1994, the Congress managed to kill 41 small items, worth a total of $1.3 billion. In the latest budget cycle, Congress got rid of (by my count, from Appropriations Committee data) 184 items, worth $2.9 billion. That was not nothing, and a handful of the dead were worth noticing: the Interstate Commerce Commission, the Bureau of Mines, the U.S. Travel and Tourism Administration, the congressional Office of Technology Assessment. Most, however, were on the order of the Interior Department's $1 million locomotive fuel-cell program—and $2.9 billion, remember, is less than two-tenths of 1 percent of the budget. "If this were a normal year, this wouldn't be a bad first step," Robert J. Shapiro, an economist with the Progressive Policy Institute, told the *Post* in December. "But this is not a normal year."

Or was not supposed to be. But, with a few exceptions (notably welfare), the Republicans' budget wasn't so different from the Democrats'.

As usual, it cut budgets instead of programs. That is, it reduced spending mostly by freezing and squeezing programs across the board instead of by picking and choosing. Government would still be doing practically everything it ever did. And, as usual, change was driven much more by the desire to save money than by any appetite for coherent reform.

For example: The Republicans' single biggest successful reform was their farm bill, which Clinton signed in April. For corn and wheat farmers, the new farm law does something genuinely bold: Instead of propping up prices with supply controls, acreage bases, planting requirements, and other implements of New Deal *dirigisme*, it just gives farmers cash. Grain farmers will still be wards of the state—their subsidies decline only slightly over the bill's seven years, from $10 billion to $8 billion—but markets, rather than Washington, will decide how much of which crops to grow.

Many of Gingrich's followers were serious about reform, or thought they were. But they could not withstand the pressure brought by persistent lobbies, which argued that eliminating this or that program would cause hardship for some group while leaving others unscathed. Had Clinton given the Republicans everything they sought, the result would have been a somewhat tougher budget, but not any big reform of government.

Splendid. But why did the peanut program survive? Begun in 1934 as a temporary measure, this remarkable contrivance requires farmers to own—or rent—a federal license to grow peanuts for the domestic food market. The scheme props up prices by keeping supplies down, and also props up the rentiers who earn six-digit royalties from the peanut licenses they control. The Agriculture Department decides how many peanuts can be grown each year. A government price guarantee and quotas on foreign peanuts complete the baroque picture. In a floor vote this year, the Republican Congress voted, albeit narrowly, to preserve this amazing program virtually unchanged.

The reason is that the peanut program, being based on market-fixing and protectionism rather than direct spending, doesn't cost the treasury much. So Congress could not be bothered with it. Why offend the peanut people if doing so won't reduce the deficit?

Many of Gingrich's followers, notably the Republican freshmen, were serious about reform, or thought they were. But they could not withstand the ubiquitous pressure brought to bear by a thousand persistent lobbies, each of which argued—usually with some justice—that eliminating this or that program would cause hardship for some group while leaving other groups unscathed. Had Clinton given the Republicans everything they sought, the result would have been a different, somewhat tougher budget plan than his, but not (always excepting welfare reform) any big reform of government. Like the Democrats, the Republicans were stretching government thinner and thinner while leaving its sprawl unchecked.

To do better than that, Republican reformers—and non-Republican ones, for that matter—need to do more than win the White House. They need to win the people.

I said in my book, and I still say, that the social disease of demosclerosis must be treated by explaining to the public why reform of government is necessary despite being initially unpleasant—not just painful to "them" (welfare cheats, big business, megatycoons) but to "me," the ordinary voter. But the aftermath of Gingrichism leaves me appreciating, grimly, how daunting this task actually is. In 1995 and '96 the public, although deeply disenchanted with government, conspired with Clinton and the Democrats to block what may have been the decade's best shot at reform. And reform was blocked, not because it was seen as mincing or half-hearted, but precisely because it was viewed as too ambitious or extreme.

No doubt Gingrich was partly to blame, for presenting himself as half Dennis the Menace and half Lenin. (The day the Republicans said they might allow the government to default on its debts, my father, no liberal, looked up from his paper and said of Gingrich, "That man is drunk with power.") But the deeper disappointment is that it was so easy for the lobbies and the Democrats to spook the public by screaming bloody murder. The public wants government to be leaner (though not meaner), but not at the expense of students, farmers, bankers, veterans, retirees, homeowners, artists, train-riders, or cats and dogs; and it cannot abide the ghoulish shrieks and moans that are heard the moment the scalpel comes out.

The African Queen has a scene where the protagonists' boat is hopelessly stuck in a marsh—only a few yards, it turns out, from open water. Today's government is in a similar plight. Dissatisfaction ought, by rights, to open a path to reform. But it does not. *The African Queen* was lifted out of her quagmire by the high tide. But in the case of the American government, the boat cannot be lifted out. It is, of its nature, inseparable and inalienable from the million commitments that it has made and the million interest groups that form its environment. It cannot simply rise above them.

That is the problem which, by blocking in practice the very reforms which they demand in the abstract, the voters both compound and resent. It leads to a recurrent delusion: the Ross Perot or Colin Powell fantasy. A "can-do leader" or a "healer," a man of integrity from "outside the system," will rise above partisan squabbling and "jumpstart reform," "clean house," lift government out of the mire of a fragmented and group-addled American polity. The fantasy is grounded in a powerful insight: The public senses, without fully understanding, that government's problem is social rather than just political, stemming from a lack of agreement on what government should and should not do. But it is a fantasy nonetheless.

For the viper pit of squabbling interest groups *is* us. There is no hidden consensus out there waiting to be plucked down by a visionary or a healer. Absent such a consensus, reform efforts such as Gingrich's (or Clinton's, in the 1994 health effort) are inevitably polarizing, and so are swatted down by the public as "extreme." Afraid of causing such a polarization, politicians discuss reform in only the vaguest terms, and so an electoral mandate for concrete change is rarely delivered. If this year's presidential race is like most others, both candidates will embrace the rhetoric of reform, but neither will venture the specifics. And God is in the details.

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Another, more understandable mistake is especially common on the anti-government right. It is to believe that, just because the people hate government, they actually want to dock it. The experience of the past year, added to the experience of the past 40 years, has persuaded me otherwise. The people only want to be rid of the supposedly great swaths of government that don't "help" anyone—an evasion which conservatives cheerfully encourage. Ever since Barry Goldwater, conservatives have been promising to tame Washington without actually doing anything very unpleasant. No wonder Gingrich couldn't deliver.

One of the more common criticisms of *Demosclerosis* said, "Rauch explains all the reasons government can't solve problems—and then, against all his own evidence, he puts his money on reforming it. Why doesn't he just admit it isn't going to work? Forget reform—just slash government back." But I'm not the one being naive here. The public doesn't want to slash, and neither do the countless constituencies that view their programs as property and defend them for a living. If it is wishful to expect a Powell or Perot to simply step around all those forces, then surely it is no less so to expect Newt Gingrich or Phil Gramm to do it. One *must* try to make government more sensible and effective because, simply, there is nothing else to be done. The vast bulk of it is there permanently.

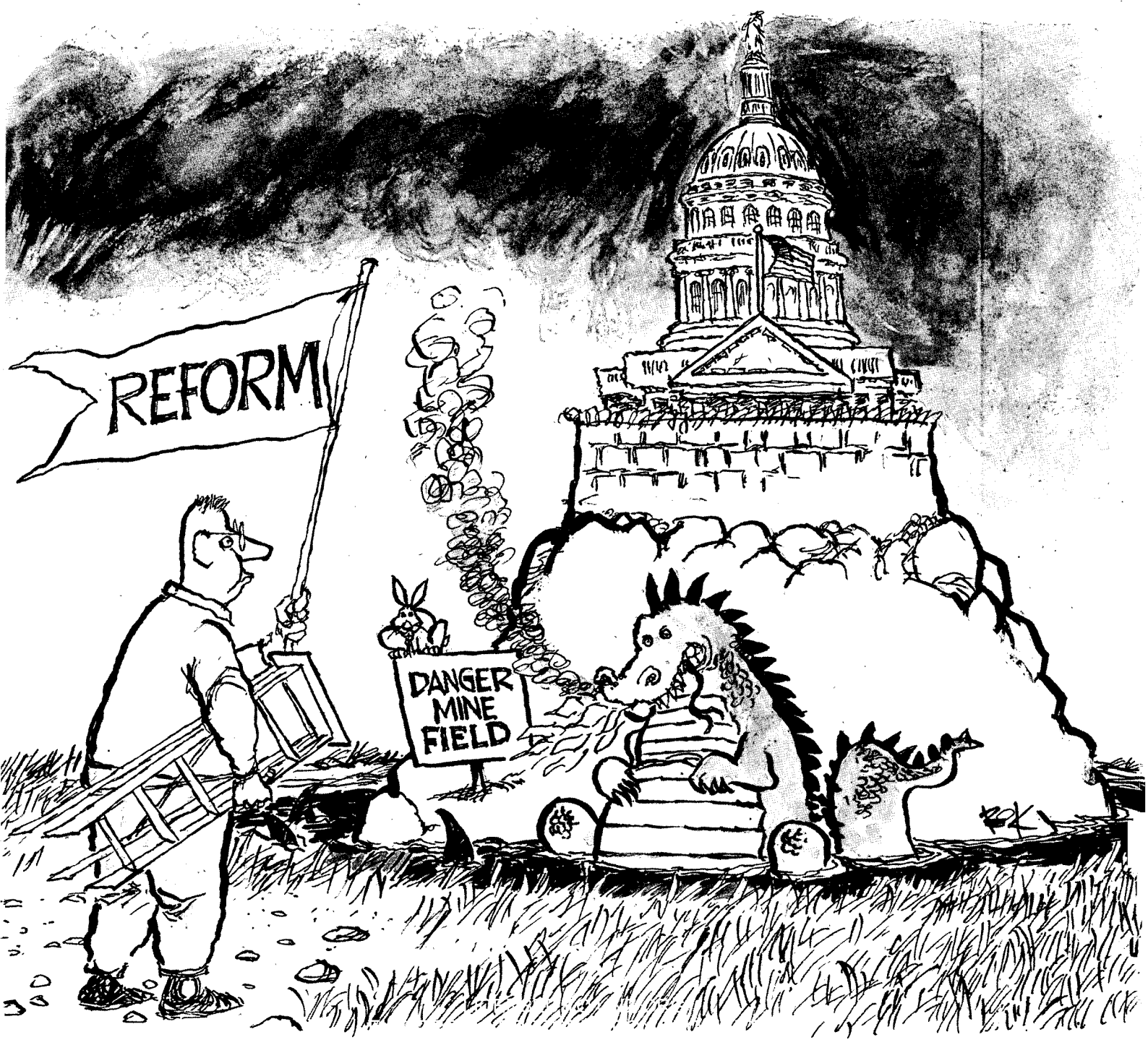
But maybe I'm being wishful, too. If the prospects of miniaturizing the government are poor, what makes the prospects of thoroughgoing reform any better? Dislike of government is diffuse, but reform is inherently specific; on paper, the two should go together, but in practice the one does not translate into the other any more readily than earthquake energy translates into steam power. I cling to the hope that the public is educable. Certainly there is a growing centrist vote that swings for reformist politicians. On the other hand, I have to admit that the public's recent behavior is like that of the 4-year-old who is much bigger than his teacher and does not like being taught. Though the Gingrich experience has not left me disconsolate, it has certainly left me daunted.

If I had to guess about the future, at the moment I would guess that the living death of government, though arrestable in theory, will not be arrested in practice. Anyway, it will not be arrested by a President Clinton or a President Dole, both of whom are inclined to manage government's problems of overload and incoherence rather than treat them. In that case, government will go on being clumsy and dysfunctional, a giant frozen mass of ossified programs trapped in a perpetual cash crunch. The public will go on being angry and mulish. And the country, of necessity, will look for nongovernmental ways to solve problems. In all of this, what will be hardest to endure will be the voters' righteous griping about a government whose agony they do so much to prolong. R

Jonathan Rauch is author of Demosclerosis: The Silent Killer of American Government *(Times Books).*

Can Washington Change?

Jonathan Rauch says probably not. We asked a group of experts, inside and outside Washington, whether he's right.



Christopher Cox

Yes, Washington can change. But it will require the election of enough people who wish to change it. In 1994, two-thirds of the U.S. Senate was exempt from facing the voters. Especially since the Senate requires a 60 percent vote to accomplish anything even remotely controversial, it's rather plain that the same group that has devoted itself to the care and feeding of Leviathan for two generations is still in a position to stave off reform.

Meanwhile, the Republican majority in the House is the slimmest of any party in nearly 40 years. And even if only the editors of REASON and their immediate families composed the majority in both the House and Senate, there's still the small matter of Bill Clinton, the 43 percent solution left over from 1992. By vetoing anything and everything that cuts government, he effectively commands two-thirds of the votes in both chambers.

While America has no party willing to call itself socialist, we do have an admitted socialist in the House (Bernie Sanders of Vermont) who votes with the Democratic Party 97 percent of the time. This telling fact reveals the Democrats to be America's closet socialists. Unfortunately for them, as the 20th century draws to a close their ideology has suffered global defeat. Its leading state practitioners are dead or in denial: The Soviet Union collapsed under socialism's weight, while communist China pretends to the world that it is a free country in order to avoid defending the indefensible. Save for America's universities and the likes of Fidel Castro and Gennady Zyuganov, there is no one left to stand up for socialism.

Hence there is no longer a future for the party that has controlled our government in Washington by hook and crook for my entire lifetime. To survive this long, they have had to employ professional bait-and-switch artists like Bill Clinton. It can't last. It might not even survive the next election.

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Ed Crane

There are, of course, reasons for the systemic growth of government. The tyranny of the status quo, concentrated benefits and diffuse costs, "public choice" self-interest on the part of politicians and bureaucrats, all lead to a government growth imperative. Yet Americans clearly desire less government—much less. The single strongest piece of evidence for that proposition is that 80 percent of them support term limits. It's hard to believe that Americans overwhelmingly prefer a citizen legislature over one populated with professional politicians because they believe it will bring them *more* government.

And term limits are one of two essentially process-oriented changes that I believe can radically change the culture inside the Beltway and lead to a dramatic downsizing of the federal leviathan. The other is the elimination of campaign contribution limits.

Term limits are key because they will fundamentally change the way Washington works. That's why a Gallup poll showed that a majority of congressional aides, corporate lobbyists, and federal bureaucrats oppose term limits. The most common argument for term limits is Lord Acton's dictum that power tends to corrupt. True. The less time in Washington a congressman spends, the better. A more powerful argument is that term limits solve an adverse selection problem: Simply put, the wrong people tend to seek office in the first place.

Today, a potential citizen legislator sees few open seats, knows that odds are 10–1 he'll lose against an incumbent, and that even if he did win he'd have to serve a long time to have much influence. Real term limits—six years in the House—would change that dynamic. A culture that accepted people serving for just one term would likely develop, allowing Congress to revisit the mountain of bad laws that are currently protected by careerists. The common sense of a citizen legislature would give us Medical Savings Accounts, privatized Social Security, a repeal of the income tax, and much more.

Finally, for citizen participation to flourish in politics and for the two parties to feel some outside competition we should eliminate contribution limits to federal campaigns, have full disclosure, and create an open, dynamic political system. Such a system will challenge incumbents and allow individuals who are not career politicians or professional "activists" to effectively make their case to the American people.

Under the current system we're spending less than $3.00 per eligible voter per election cycle on congressional races. That's not enough, given the huge impact Congress currently has on our lives. Unlimited contributions will also take away the artificial bias the Federal Election Campaign Act has created in favor of the media. Why should Katherine Graham, Garry Trudeau, or Rush Limbaugh give the equivalent of millions of dollars in support of their candidate or cause when we're limited to $1,000? If the answer is the First Amendment, well, it's meant for all of us, not just the media.

In addition, the growing renewed interest in the enumerated powers doctrine of the Constitution (including, of course, the 10th Amendment) will facilitate fundamental downsizing. And

ILLUSTRATION: CHIP BOK; BOTTOM RIGHT: CHAS GEER

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if that's not enough, the culture in cyberspace is quite libertarian. Millions of Americans are learning how to conduct business and solve problems over the Internet, making the federal government less and less important to America in the 21st century.

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Steven Hayward

Can Washington change?!? Is this an invitation to become a humorist? Readers may well find laughable the optimistic view that Washington can, and indeed is likely to, change over the next few years. For the better. No, really.

The hand-wringing about the collapse of the 104th Congress has blinded a lot of very bright people, including the congressional leaders of the purported "revolution," about some fundamental lessons of politics. The principal defect of this Congress is that it has believed its own press clippings—first that it was the most noble and revolutionary body since the Continental Congress, and now that it is the worst legislative body since Cromwell's Long Parliament. It is of course neither thing, though Cromwell's famous words—"You have sat too long here for any good you have been doing"—may be appropriate.

The second unremarked lesson of the present moment is that you can't change the government unless you control it. To adapt that great Aristotelian phrase for yet another purpose, controlling Congress is the necessary but not sufficient condition for changing government. Here our historian/House speaker has badly misread the lesson of history (the peril of studying European instead of American history, I suppose). While Gingrich likes to think of the present moment as the successor to the New Deal realignment of the 1930s, this Congress didn't pay much attention to its closest historical analogue, the Congress elected in 1930. In the off-year election of 1930, Democrats captured the House and ended a long era of Republican rule. But the New Deal revolution couldn't really begin until President Hoover was replaced and more Democrats were added to Congress. Instead of finishing off Hoover by passing legislation in 1931 and 1932, the Congress did nothing, which was even worse for Hoover. The 104th Congress thought it would finish off Clinton by legislating. We know how that story has played out.

The third lesson is that major change is only possible when there are big partisan majorities. Most significant expansions of government—Medicare is the best example—came at moments of swollen partisan majorities. Shrinking government will also require large majorities. The Republican majority at the moment is very thin (in the Senate it is arguable whether there is a majority at all). A disastrous second term from Clinton—a likely possibility—might set the stage for a large Republican majority down the road.

But, a cynic will rightly respond at this point, even a large and relatively principled Republican majority is unlikely to be able to deliver real change in the face of the "iron triangle" reform-thwarting machine. Ordinarily I make this argument myself. In the fullness of time, however, historical trends may come to overwhelm particular obstacles to change. Washington didn't change into what it is today spontaneously, as an acorn becomes an oak spontaneously. Washington grew for decades amid a general climate of opinion that "market failure" required the remedy of expanded government. Today, opinion is crystallizing that "government failure" requires the remedy of smaller government and market solutions. This trend is unlikely to be reversed, as the contradictions and incompetence of government will only become more obvious as time passes.

This doesn't mean that the status quo will lay down its arms and surrender, or that public opinion will always be clear-headed about the issues involved. To the contrary, each battle will require brutal, hand-to-hand combat. Many battles will be lost along the way (did I hear someone say "telecom act" or "minimum wage"?). The general conditions of the battlefield, however, favor our side. We should box on.

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Susanne Lohmann

Modern democracies are trapped in a collective dilemma. In many cases, government policies are biased in favor of special interests at the expense of the general public. Pork-barrel politics can take on monetary form, as with subsidies or tax breaks, but they may also consist of market interventions, as with regulatory policy or trade policy. Such policies are often inefficient in the sense that the total losses imposed on the majority exceed the total gains enjoyed by the minority. While special interests form

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—Susanne Lohmann

a minority on any one policy issue, just about every citizen is a member—whether active or not—of some special interest group on some policy issue; indeed, many citizens are affiliated with more than one special interest group. Each citizen prefers being favored by government policy even at the expense of inefficiencies imposed on the society at large. But, relative to the status quo involving inefficient government policies on all dimensions, each citizen would arguably be better off if government did not cater to special interests at all.

Voters clamor for government to streamline and reduce the scope of its redistributive activities. But any serious attempt to implement the expressed wish of the general public requires cutting the pet programs of special interests; and any politician who would do so can count on being dead on arrival at the polls. Yet in the aggregate special interests are the general public. Because voters are willing to punish government for doing what would appear to be good for them, it is hard to avoid the conclusion that special interest gridlock is due to some kind of voter illusion.

The persistence of this collective dilemma is puzzling. Political philosophers have threatened us with a tyranny of the majority—but we suffer under a tyranny of many minorities that sum up to The People. Still, it would seem that politicians should have incentives to act efficiently. Surely, if economists are correct in identifying the huge social dead-weight losses associated with political handouts to special interests, then an incumbent who eradicated such inefficiencies would preside over an increase in standards of living that would sweep him to re-election. If he is too short-sighted to follow this prescription, then it would seem that political competition should allow society to break free from special interest gridlock. Surely a political entrepreneur who stood for election offering to eliminate all the perks enjoyed by special interests would be elected unanimously. If not, why not?

Here's the problem: Special interests are better informed than the general public. Each voter knows how well off she is. She also knows that her wealth and well-being are affected by various government policies, but as a member of the general public she experiences policy consequences only indirectly, as mediated by complex social and market forces. As a special interest, however, she is very well informed about government policy.

Now suppose the government implements a policy that amounts to taking away $1.00 from the general public and giving 90 cents to special interests, with 10 cents standing for the social dead-weight losses of redistribution. As a result, the incumbent's electoral support increases. Why? The general public notices that it is worse off by $1.00, but it is unsure whether to blame the government or other forces. The special interest notices that it is better off by 90 cents, and it can assign the political responsibility for its good fortunes very precisely. At the margin, the government loses some electoral support among the general public, but this loss is outweighed by votes gained among special interests. Thus, we end up with a society in which each voter gets 90 cents on the dimensions of public policy where she is a special interest and pays $1.00 on all policy dimensions where she is part of the general public.

Now we can see why political competition is impotent. The general public cannot effectively monitor whether a political candidate who promises to eliminate the policy bias toward special interests will keep his promise. Once elected, he shares the electoral incentives of his predecessors to favor special interests who are better able to monitor his performance.

Are there any solutions to the problem of special interest gridlock? Proposals for reform are often directed at real or perceived deficiencies of the political process, political institutions, or political elites. It is useful to note, however, that pork-barrel politics occurs across the world in countries with different political systems and political cultures. It makes little sense to explain special interest handouts with, say, a corrupt Congress responding to campaign contributions when similar patterns of government policy are observed in countries where monetary contributions to political candidates play an insignificant role, in some cases because campaigns are publicly financed.

Instead, I propose that the problem lies with The People themselves. A proposal for reform that does not come to grips with the informational asymmetry between the general public and special interests is unlikely to succeed. Overcoming this asymmetry is not easy, and perhaps impossible. We are not talking about simply producing a 10-second TV soundbite—"The government is taking away $1.00 from you and giving 90 cents to special interests."

The reason why we have representative democracy in the first place is because government policy is complex. The People, who do not have incentives to become informed about complex policies that marginally affect their lives, delegate political decision making to elected representatives. On any given policy issue, there are some people—special interests—who have a greater

The answer to the question "Can Washington change?" is basically no. Washington is what it is—same as it ever was. The more propitious focus for libertarians should be away from issues defined by Washington politics.

—William H. Mellor III

stake in the outcome, and they have incentives to become informed and monitor the government's performance. In response, the government has incentives to favor special interests at the expense of the general public—not to speak of the inefficiencies created by such redistributive policies. Special interest gridlock is an integral part of representative democracy. It is here to stay.

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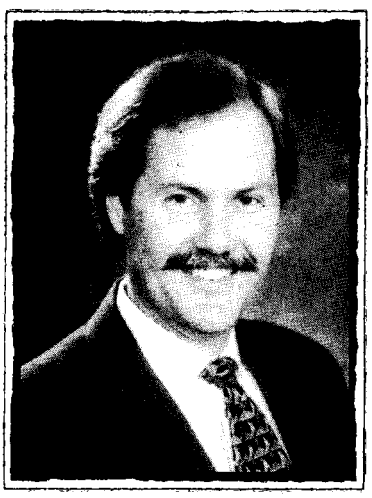
William H. Mellor III

It wasn't long ago that libertarians were rightly lauding James Buchanan's Nobel prize and the insights he provided through public choice theory. His insights, of course, demonstrated the insatiable and self-enhancing nature of government. Likewise libertarians have long appreciated F. A. Hayek's and Milton Friedman's prescriptions for non-governmental social organization. That REASON chooses to dedicate much of an issue to the question of "Can Washington change?" reflects the fact that twice in the past 16 years, libertarians have been seduced with the prospect of fundamental change brought about through the electoral process.

In each instance—the Reagan administration, in which I served, and the 1994 elections—all of our zealous intentions and wishful thinking couldn't overcome the incentives and institutional inertia we were all aware of at the outset. For example, while I was in the Reagan Energy Department, we dramatically reduced energy regulations, but it was clear to all concerned that we were never going to be serious about dismantling the Energy Department despite all the vaunted rhetoric. And when the Republicans finally had a shot at ending welfare, they produced a bill over 400 pages long, ultimately driven more by block-grant–hungry governors than by sound welfare policy. It should therefore not be surprising that the answer to the question "Can Washington change?" is basically no. Washington is what it is—same as it ever was.



There will continue to be opportunities in Washington to limit the federal leviathan in specific ways, and there may be possibilities for Berlin Wall–like breakthroughs on issues such as Social Security. But the more propitious focus for libertarians should be away from issues defined by Washington politics and on such matters as establishing a rule of law conducive to a society of free and responsible individuals. Whether the issue is economic liberty, property rights, or the First Amendment, the Constitution provides the means to check Washington's real-world impact. At the same time, policy prescriptions for the state and local level should be a priority not merely as a matter of devolution, but to restore responsibility and accountability in the government closest to the people. And again, the Constitution properly construed should check grassroots tyranny and provide a legal climate in which individual liberty can flourish in communities built around voluntary associations, religious and secular.

Finally, we should take heart in the force of our ideas and principles, which, despite what may be happening in Washington, are indeed still resounding around the world with unprecedented vigor. For two centuries, the United States has been the world's beacon of liberty. That role was not created by, nor can it be preempted by, Washington.

William H. Mellor III is president and general counsel of the Institute for Justice.

Grover G. Norquist

The Republican victory of November 1994 has mortally wounded the welfare/warfare state, just as the hairline fracture in the Berlin Wall in the fall of 1989 doomed the Soviet Empire. The Republican Congress passed a seven-year budget plan that spends $300 billion less in the year 2002 than Bill Clinton asked for. That $300 billion in reduced spending (at an average salary or grant of $50,000 per person) translates into 6 million more Americans who, in the Republican future, will be in the private sector. In Clinton's future, those 6 million people would have been government employees or recipients of government loans, grants, or welfare. This demographic shift moves 6 million Americans from dependence on the federal government—where they have what Marxists call "objective class interests" that make them Democrats—to the private sector, where, as taxpayers, their objective class interests make them Republicans.

Since the Democratic Party is the party of government, it should be relatively painless for the Republicans to reduce government spending, downsize government, and lay off Democrat precinct captains. True, Bill Clinton has vetoed much of the Republican legislation in 1995 and 1996, but despite the Clinton

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Farmers, locked into subsidy dependence, were offered a deal: less money in return for more freedom. Similar offers can be made in education: We'll send you a $3,000 voucher rather than spending $9,000 to educate each child, but you the parent can control where your child is educated.

—Grover G. Norquist

veto pen, Republicans have kept the budget on its glide path to balance in 2002, cutting $42 billion from the budget in 1995 and 1996 combined.

Republicans have demonstrated the ability to build a coalition and consensus for budget cutting and devolution from Washington to the states that would not have been conceivable only two years ago. A Republican Congress passed the "Freedom to Farm" act drafted by the congressmen on the House and Senate Agriculture Committees who would have been presumed most hostile to phasing out all farm subsidies and ending government control over planting. Rep. Pat Roberts (R-Kan.) designed the model for dismantling statist agriculture programs. Farmers, who for the past 50 years were locked into subsidy dependence, were offered a deal: less money in return for more freedom. That same deal was offered to state governments, which have heretofore opposed having welfare and Medicaid sent to the states. The trade: less federal money for more freedom from federal regulations and restrictions.

Similar offers can be made in education: We'll send you a $3,000 voucher rather than spending $9,000 to educate each child, but you the parent can control where your child is educated. This was the GOP proposal for the District of Columbia; other federal education monies could be similarly voucherized. Less money, in return for more freedom.

One can already see the outlines of an agreement heading to privatize Social Security and Medicare. Giving younger Americans the opportunity to opt out of the government Ponzi schemes and into individually held and controlled retirement accounts brings about a phaseout of Social Security payments in return for a phaseout of Social Security taxes.

Bill Clinton's vetoes have slowed this process but cannot prevent it. The next four years will see the election of Bob Dole and a flurry of tax-cutting and government-dismantling legislation mirroring the activism of the 1964–68 Great Society—or it will see the re-election of Bill Clinton and the phased surrender of big government. The model for a Clinton second term is Richard Nixon's presidency from 1972 to 1975. A hostile Congress will use the battering ram of Whitewater and the Arkansas scandals to force Clinton to throw his allies overboard and continue to dismantle the state.

The players are in place. The strategy is set and tested. In 20 years, the American government will be half its present size.

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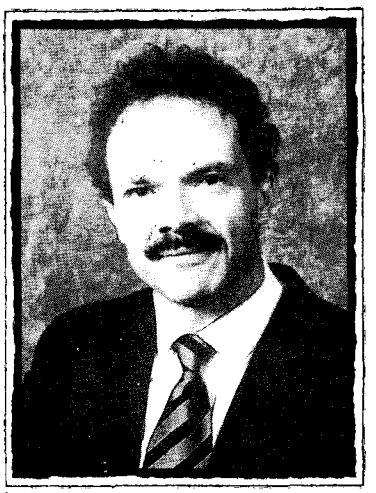
John J. Pitney Jr.

One way to address the possibility of change in Washington is to picture a dialogue between a pessimist and an optimist.

Pessimist: It's hopeless. For years, Republicans yammered about government, and when they finally win Congress, they don't scrap a single Cabinet department. Heck, they can't even get rid of the chocolate-smearing pornographers at the National Endowment for the Arts. It's as if Carry A. Nation burst into the saloon with a Nerf hatchet.

Optimist: Put down that cup of hemlock. Washington can change, and it already has. In the 1980s, the Military-Industrial Complex lurked everywhere. Its lobbyists worked the corridors of Congress, while the payrolls of military bases and arms factories ensured grassroots support for the defense budget. But when the Cold War ended, even this gigantic political machine could not stop history. Between 1986 and 1996, inflation-adjusted defense spending dropped by nearly one-third. That's real change.



Pessimist: No, it isn't. Washington hasn't set us free: It's just transferred custody of the chains. In constant 1987 dollars, defense did fall by $79 billion during the past 10 years, but Social Security, Medicare, and other payments for individuals went up by $207 billion. The Military-Industrial Complex is a pip-squeak compared with the Greedhead-Geezer Complex. Any time a politician tries to curb the growth in their benefits, he or she ends up as another notch on their Metamucil jar.

Optimist: Things will change, because the system cannot continue. Medicare's health-insurance trust fund goes bust in 2001. Twelve years later, Social Security payments outpace revenues

Even the Republican congressional leaders say that they want to preserve the entitlements, not end them. There's not much reason to think that Congress or the people will respond rationally to the coming crisis.

—John J. Pitney Jr.

and the system starts tapping its "trust fund," which runs empty a decade or two after that. As the baby boomers edge closer to retirement, they'll see that there is no alternative to privatization of the old-age entitlements. With luck, that realization will come sooner rather than later—but it will come. And then, the odds will finally favor reform.

Pessimist: Since when do national crises lead to less government power? After the stock-market crash of 1929, did Congress seek new ways to encourage free markets? No, it passed the Smoot-Hawley tariff, which helped turn a problem into a calamity. Listen carefully to the current debates: Even the Republican congressional leaders say that they want to preserve the entitlements, not end them. There's not much reason to think that Congress or the people will respond rationally to the coming crisis. It could be like *Atlas Shrugged*: Things just get worse until all the lights go out—except that we don't have John Galt.

Optimist: But we do have a number of lawmakers who are serious about reform. And if you look at the elections of 1992 and 1994, you'll see that their ranks are growing. Nothing's automatic, of course, but there's a reasonable chance that they will win in the end.

Pessimist: In the end, we're all dead. Please pass the hemlock.

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Randy T. Simmons

Jonathan Rauch suggests that the public knows what it is doing when reforms are blocked. He is wrong. Voters do not know what they are doing, because their roles as beneficiaries and as taxpayers are not directly connected and do not discipline each other. Economically prudent decision making is not demanded by any voter's own budget constraints. In playing out their taxpayer role, well-meaning, public-spirited citizen-voters support reductions in their own tax payments while pursuing increases in benefits to themselves. Thus, citizen-voters are able to make ethical imperatives out of logically contradictory agendas. A citizen-voter, for example, might advocate increased spending on defense, social programs, and consumer protection while also promoting lower taxes, balanced budgets, and reduced government controls.

Voters may hope that other taxpayers, preferably "wealthy" ones, can be forced to finance their private desires and altruistic impulses. Besides, not to seek subsidies, feel-good social programs, or ideological preferences when others do seek them makes little sense. Everyone is caught up in what could be called "the budgetary tragedy of the commons," a frenzied scramble over the elusive public pie.

Elected officials contribute to the problem, as they realize that any given action or policy will please some voters, displease others, and escape the attention of most. It will also affect an official's power or influence with colleagues, bureaucrats, and organized interests. Reconciling these differences requires bargains, compromises, logrolling, and strategic choices. Successful politicians are those who can adopt policies which keep them in office by taking the wealth from the politically less powerful and redistributing it to supporters, who maintain or improve influence with other politicians, and who enlist the aid of bureaucrats. These goals are all accomplished in an arena where the prudent citizen-voter must pay a steep price even to be informed about the costs and benefits of policy options. Voters, therefore, remain ignorant of costs while politicians remind them of the alleged benefits. All this suggests a great tragedy for modern democracies: The better a political system represents the narrow private interests of some citizens, the worse it may be at fostering economic progress and safeguarding liberty.

But reforms are possible. Otherwise there would have been no Reagan tax cuts, water marketing would still be a gleam in some economist's eye, we wouldn't be talking about meaningful welfare reform, and there would be no justification for magazines like REASON or pro-market think tanks. The Gingrich reforms lost a public relations battle. Clear constituencies were not identified, informed, and mobilized. Costs of programs were not compared to their benefits in ways the voters understood. Political entrepreneurs opposed to reform, however, effectively mobilized constituencies, framed issues in ways that swayed voters, and separated the benefits of programs from their costs. What reform needs is clear understanding of the dynamics of the process and good political entrepreneurship, not despair.

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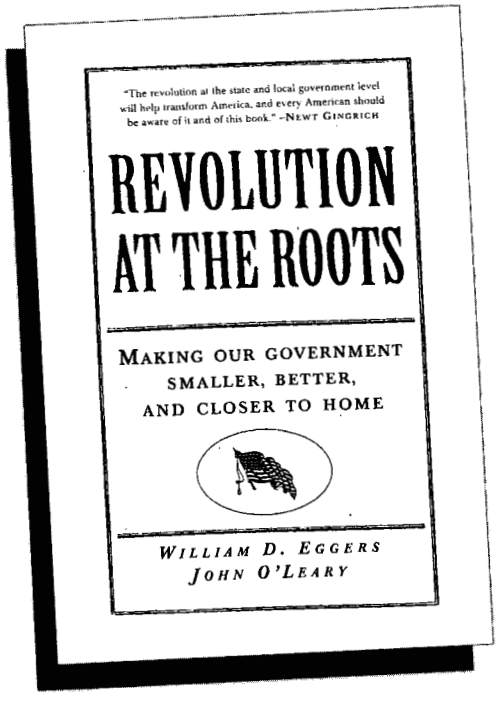
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The Reason of the Clerks

Believe it or not, federal bureaucrats can be the taxpayers' best friends.

By Terry B. Kinney Jr.

Capitol Hill can sometimes seem like a corner of Wonderland that even Lewis Carroll shrank from describing. In 1983, for example, I appeared before an appropriations subcommittee in my role as administrator of the largest research organization of its kind in the world, the Agricultural Research Service (ARS). I had been called to defend that year's ARS budget request, and I sat at the witness table with my superior, an assistant secretary in the Department of Agriculture.

Looking down at me that day was freshman Rep. Richard J. Durbin (D-Ill.), who kept asking me the same questions. "Why," he wanted to know, "do you ask for several million dollars each year for tobacco research? Don't you know that thousands of people are dying right now from lung cancer?"

Durbin, one of the Hill's tobacco haters, was free to grill me on the matter because he was temporarily in charge of the hearing. The man who put him in charge was, ironically, a tobacco supporter, committee chairman Jamie Whitten (D-Miss.). Whitten had left a few minutes earlier for a floor vote, designating Durbin as interim chair.

I tried repeatedly to defend the funding. I even turned to my superior, the assistant secretary, and whispered, "Can you say something?"

"You keep on," he mumbled bravely without looking at me.

I did keep on, but with an increasing burden of frustration: The one thing I could not tell Durbin was that I actually agreed with him about tobacco. My staff experts and I had already tried—several times—to cancel tobacco research entirely. The political appointees in the department, weary of me, had even told me never to mention the subject again.

That, however, was in real life. On the Hill, I had a budget to defend in the face of political reality. So this is what I finally said: "As long as tobacco is classified by Congress as an agricultural crop there will be state and federal dollars to support research on it. Besides," I added, "If I don't ask for the funds, angry members of the committee will chastise me and put them in the ARS budget anyway."

Before Durbin could respond, Whitten returned. An assistant whispered to him, and Whitten announced a five-minute recess during which he listened to his staff. Suddenly he pounded the gavel.

"Pick up the record from the point where we left to vote," he told the official recorder. My interchange with Durbin, so far as the record was concerned, had not occurred.

What would appear in the record was a speech—a paean, really—that Whitten then delivered about the vital importance of tobacco research, tobacco's contribution to our economy, and how tobacco is a way of life on many farms. The hearing continued.

And so did the research, which, by the way, was concerned not only with increasing the tobacco farmer's yield but also with identifying the chemical constituents found in tobacco smoke, including, eventually, its carcinogenic components—findings for which the ARS was largely responsible, at the insistent behest of pro-tobacco forces.

I spent 14 years testifying in such hearings, and one theme that ran through them all is that science and politics are a pair of cultures that seldom mix well. Though combining them often results—thanks to the science—in an increase in knowledge beneficial to the general public, it often results as well—thanks to the politics—in a vast waste of the public's money.

In the 1980s, there were 2,800 scientists and engineers working in teams in ARS. As their administrator, I found it frustrating to bring their scientific recommendations before committees of politicians who often ignored them and instead allocated money based on a political agenda. Many politicians had come to their own conclusions about research programs well before such hearings even began.

For example, Sen. Lawton Chiles, now governor of Florida, used to appear at the budget hearing each year

ILLUSTRATIONS: CHIP BOK

just long enough to ask, "Dr. Kinney, do you intend to make any changes in the ARS programs in Florida?" If I answered yes, Chiles would say he disagreed, that he believed there would be no changes. Later, the budget would contain language that confirmed his belief: no changes.

Year after year I heard one of the late Jamie Whitten's favorite maxims: "The executive proposes and the Congress disposes." That is, you career people in the cabinet departments can propose what you want, but we, the appropriating committee, give the final orders.

Who are the career people doing all this proposing? They are men and women who spent decades amassing expertise in disciplines of acknowledged importance to society. If they demonstrated the ability to lead and manage, they might be groomed for executive federal positions. You may know them as "lazy bureaucrats."

Of course, bureaucrats come in many shapes and sizes, and some are more knowledgeable, competent, and productive than others. But in the sizable world of federal research, they must maintain their credibility as scientists, engineers, and researchers within their respective fields while sometimes having to pursue wasteful political goals. These are inconsistent tasks that no scientist wants to try to balance. The perhaps surprising conclusion is that the community of research bureaucrats are often among the taxpayers' better friends in Washington: It is not in their professional interest to do either wasteful or pointless research.

A bureaucrat's-eye view of Washington reveals several communities of power grappling with the public interest in the capital, with the bureaucrat rarely wielding much of that power. He or she must find a way to deal not only with elected politicians but also with appointed officials and hired hands: lobbyists.

Lobbyists, sometimes even more powerful than politicians, have considerably more freedom in Washington than do bureaucrats. They can visit offices on Capitol Hill to pursue their clients' goals whenever they wish; career executives must obtain permission from their political superiors to approach the Hill.

In my career in federal research, many of the lobbyists with whom I dealt represented the interests of universities: There are more than 80 major universities independently represented by Washington lobbyists. In addition, there are such groups as the National Association of Land Grant Colleges and Universities, which may sound to someone outside the capital like an ivory-tower professional society; they haven't watched it work the Hill in pursuit of federal money.

Once any new administration settles into power, a horde of political appointees descends: Thousands of people loyal to the winning president's party flood Washington. For the most part they are very young people promised an opportunity to impart their "revolutionary, problem-solving ideas" to the agency heads and other "lazy, ignorant bureaucrats." Most are dedicated to ferreting out the waste, fraud, and abuse they heard about during the campaign.

One eager young presidential appointee had a scheme to have government support a massive rabbit-meat industry combined with earthworm production. I had to explain that very few Americans eat store-bought rabbit meat. Even if they did, no slaughterhouses for rabbits exist near metropolitan areas.

As an expert on livestock production, I was once summoned to the office of one such young man. Waiting in the outer office for a long time, I could hear him and some colleagues gasp excitedly as they pointed out some apparent errors in wheat production records. Apparently they were checking an announcement that the head of the Statistical Reporting Service, an experienced economist, had made in the secretary's staff meeting that morning. He had alerted the staff about an imminent shortage of wheat for export. One young man was suspicious.

He turned up some records that he thought conflicted with the economist's statement and leaped to the conclusion that there might be some price fixing in the making. He assured those who attended the meeting that he had added up all the latest production records the Department of Agriculture had compiled for each state. "There was much more wheat produced this year than there was last year. How could they even think there is a shortage?" he barked.

When the others had left and the young man invited me in, I asked him, "What kind of wheat were you talking about?"

Obviously perturbed, he retorted, "American wheat, of course!"

Familiar with the export wheat shortage alert, I asked, "Do you understand the differences in hard red winter wheat, soft red wheat, durum wheat...?"

He interrupted, "I don't intend to discuss wheat with you. I want to tell you about a production opportunity that will promote a major new agricultural industry. Perhaps you have heard of my proposal, because I wrote to the previous secretary of agriculture several times."

"Go ahead. I'm anxious to discuss any new ideas."

"Good," he said. "This program can be cranked up very quickly. Rabbits are not like beef or pork; you can produce thousands of them quickly in cages." He continued excitedly, "Under the cages you can grow earthworms to sell for bait. Finally, you sell the humus and start all over again. I've been doing it for years."

His comment about earthworms brought me up short. I'd been the one who had prepared a polite, "thanks-but-no-thanks" letter for the secretary's signature in response to his idea. I sat quietly until he prodded me with, "Well?"

"Very few Americans eat store-bought rabbit meat," I said. "Even if they did, no slaughterhouses for rabbits exist near met-

ropolitan areas. The earthworms are a good idea, if you can get them without the rabbits, but don't mention bunny rabbit fur coats. The animal rights people will run the secretary out of Washington." Within six months he and the other zealous young people were themselves out of Washington, taking the ideas they'd brought with them.

We tried to move bee researchers from Wyoming to Texas, and use the funds saved to conduct studies to help solve a serious soil erosion problem in Wyoming. Then came a phone call passed from the secretary: "Don't move the bee research." Two days later came another telephone message: "Proceed with the soil erosion project."

In 1980, President Reagan signaled a ray of hope in the form of a campaign promise of "A New Federalism." It sounded very much like today's political commitments to block-grant billions of program dollars to the states. Thousands of programs would be canceled or turned back to the states where they belonged. The idea was applauded by federal career executives. Immediately after Reagan's election, word went out to all agency heads: Start preparing a list of programs that can either be closed or turned back to one or more states.

Like other career administrators, I was thrilled with Reagan's commitment. We had tried for years to close out some programs that were not solving serious problems, while other, more serious, research needs went begging. The sheer political clout of some senators and representatives had kept many useless programs going for decades. We worked feverishly on plans.

In one simple plan we proposed to move three bee researchers from Wyoming to Texas to expand research on the African bee, migrating rapidly north from Mexico. We would use funds saved from the bee research to conduct studies to help solve a serious soil erosion problem in Wyoming. Over long months we developed every detail of the move. We had even obtained the cooperation of university and state officials and important congressmen and senators. Then came a phone call passed from the secretary and on to me: "Don't move the bee research."

Two days later came another telephone message: "Proceed with the soil erosion project."

"Where will we get the money?" I asked.

"Find it somewhere," I was told.

What had happened? The president needed votes for his MX Missile Program. The bee and the soil erosion programs were two of the price tags Sen. Malcolm Wallop (R-Wyo.) put on his vote. (Agency heads and their staffs have extensive and reliable grapevines by which they learn such things.)

By 1982, experienced federal executives knew that the New Federalism was simply campaign rhetoric subject to political whims.

There are always people at the White House who, when they want to put the bite on someone, will use the president's teeth. Others, whether in industry, the academy, or elsewhere, bite with the teeth of congressmen. Usually, with the snap of a powerful jaw, the efforts of knowledgeable but politically toothless career bureaucrats will be frustrated. But I recall occasions, one in particular, when both program and political logic prevailed. A politician listened to reason rather than to a lobbyist.

The plum at issue was a federal biotechnology center, which ARS wanted to establish, if possible, at one of its existing locations, preferably in conjunction with a nearby university engaged in related research. With a lot of federal money at stake, I soon received 10 requests from university officials urging me to seek funds to build the center on their campus. None of these self-serving proposals were satisfactory, and I had rebuffed them all. Then came the real pressure.

My superior called me to his office to tell me about "a great opportunity": a biotechnology center at—imagine this—a major university. An official of the school—which I had already turned down—was even there to impart this good news, a man I had known for years. His proposal was, of course, no different from those I had rejected. "I'll need 24 hours to consider your proposal," I said morosely and rose to leave.

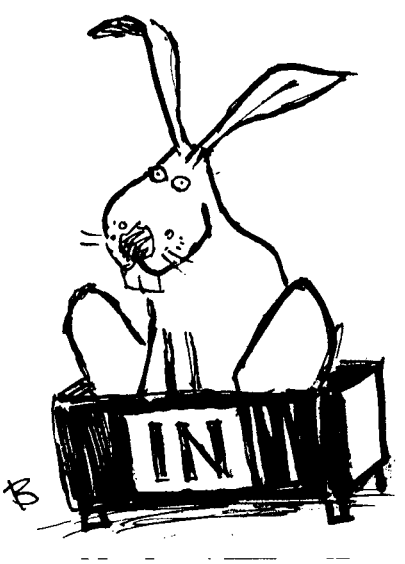
"We've got our congressman committed to this, Terry," my university colleague said softly. "We can run over you if we have to."

We were about to spend tens of millions of dollars to build a biotech center in the wrong place. What was I going to do? I knew the congressman: New York Democrat Matthew F. McHugh. I had had good relations with him for years. He was not only a reasonable man, he was almost a hero to me. In Washington heroes are hard to find.

That same day a call came from McHugh's assistant. "Can you come to the congressman's office right away? Alone?"

"I'll catch a cab."

McHugh explained the situation. Most of his constituents were also supporters of the school. They would be furious if he did not seek funds for the center. Yet personally, he confided, he could not honestly support it. "It's just a ploy to get more money for the university," he said. "I'm in a real bind. Any suggestions?"



I felt a flood of relief. "I know exactly how you can take yourself out of this," I told him. He should tell the school that he needed a

memo indicating the Department of Agriculture's support of the university as the best possible site in the United States for the proposed center, and that this memo need only be signed by the assistant secretary for science and education—my superior—and by the ARS administrator: me.

Such a request by McHugh would appear to confirm, on the record, his willingness to support the university. But it would also signal the school to back off. Not only did all the parties involved know that I wouldn't sign such a memo, we also knew that the university had a number of other projects in development at the department, projects that it wouldn't want to jeopardize by an aggressive and ultimately futile campaign for the proposed center. The school quietly dropped its effort.

It was a case in which I was able to fight politics with politics. But the good feeling of this win was short-lived. In many other cases I was not so successful.

In one of them, I traveled to Maine with a team of scientists to review a potato research program. We found the research to be excellent: The results were helping U.S. potato growers remain a jump ahead of the Canadians, our chief competitors. The station leader and the rest of us agreed that the program had plenty of money.

Back in the office two days later, I received a message which originated in the vice president's office. "Put another $90,000 at the potato station," I was told.

"Where do I get it?"

"Find it," came the usual reply.

Soon the vice president's office called again. "Keep the cotton gin," was the message this time. We had announced plans, after the declaration of a "New Federalism," to close a cotton ginning research program in New Mexico that was obsolete and badly in need of repair. We had two superior cotton ginning research locations in major cotton-producing states.

When the appropriations came through, however, money was included to continue the program—plus $300,000 to repair and operate a facility our experts said we didn't need. Sen. Pete Domenici of New Mexico, current chairman of the Senate Appropriations Committee, had served some people back home very well. In the process, he ignored experts and wasted millions of dollars. Politics had beat out expertise once again.

If politicians would agree to accept each agency head's recommendation for budget reductions, some meaningful cuts could be made—and made to stick. Agency heads could identify pork from obsolete programs that could be terminated. They know better than anyone where the waste, fraud, and abuse are: They are forced to administer it.

And the beat goes on, whether it is the hog-farming senator who has raised the federal price support for hogs; the tobacco-state politicians who maintain price supports even as scientists at the Food and Drug Administration and Environmental Protection Agency research tobacco's dangers; or the politicians who double as AIDS theorists, proposing reductions in research budgets.

Can politicians and career professionals ever find a way to make their disparate agendas coincide? I think they can: The base-closing commission, which recently succeeded in shuttering unneeded and obsolete military bases, is an excellent model. In that case, both the executive and legislative branches agreed beforehand to accept the recommendations of the commission, thus taking themselves off the hook. Real experts were allowed to exercise the magic of logic, and they pulled off the trick of reduced military spending.

Why not wave this wand of expertise over other parts of the government? If politicians would agree to accept each agency head's recommendation for budget reductions, some meaningful cuts could be made—and made to stick. Agency heads could readily identify pork from the past, obsolete programs that could be terminated, and research locations that could be closed. They know—better than anyone—where the waste, fraud, and abuse are: They are forced to administer it. Billions of dollars could be saved.

I had a rare opportunity to effect just such savings in the 1980s when Secretary of Agriculture John R. Block allowed me to restructure the ARS. In two years, we eliminated 300 administrative positions, closed many locations, and saved $16 million in annual expenses. Secretary Block ran interference for us and, for a while, stymied the efforts of politicians who objected to the project, although ultimately the pressure of politics did bring our actions to a halt.

Many federal employees are internationally recognized for their knowledge in biological, physical, economic, social, or other sciences. Our political leaders, in a revolutionary move, could mandate these experts to make program decisions based on their own expertise in their own fields. Political experts can set policies, budget limitations, and broad program objectives, but program experts should administer programs.

We need the bureaucrats. ®

Terry B. Kinney Jr. was the administrator of the Agricultural Research Service from 1980 until 1988. He is now retired.

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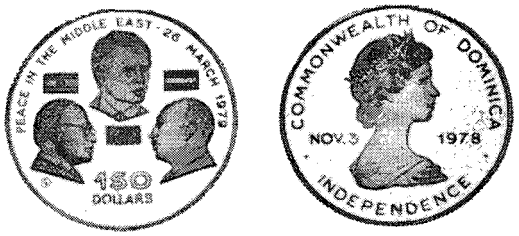

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BILL & TED'S IRISH MISADVENTURE

The Clinton administration's meddling has put Ireland on the road to becoming another Bosnia.

But it's not too late to change.

By Michael McMenamin

Bill Clinton's attempt to make peace in Northern Ireland blew up in his face on February 9, when the Irish Republican Army ended its 17-month cease-fire with a 1,000-pound bomb in the Canary Wharf area of London, injuring 43 and killing two. The main component of Clinton's initiative, inspired by Massachusetts Sen. Ted Kennedy and commenced in 1994, was appeasement of the IRA and its political wing, Sinn Fein. By most accounts, Clinton and Kennedy were surprised and embarrassed by the IRA's betrayal. They should be embarrassed, but not surprised.

After the Oklahoma City bombing, Clinton talked tough about anti-terrorist measures and the need for right-wing talk show hosts to tame their rhetoric. He has not applied a similar standard to the IRA or the head of Sinn Fein, Gerry Adams. Unlike Adams, the talk show hosts have all explicitly renounced violence and those who perpetrate it. Since the IRA did its own imitation of Oklahoma City in London, Bill and Ted have maintained an appropriate, if uncharacteristic, silence on matters Irish.

Bill and Ted had their fun. Bill got a trip to Ireland, and both pretended for a time they were peacemakers. But now the fun is over, the body count is higher, and the fatal flaws in Clinton's Irish initiative remain for all to see. If it is not repudiated, either by Clinton himself or by a new American administration, it may forever stand as a milepost on the road to an Irish Bosnia, complete with ethnic cleansing in both Protestant and Catholic areas of Northern Ireland by the private armies of the IRA/Sinn Fein on the one hand and the equally violent Protestant/Unionist paramilitaries on the other. That is one of the more likely scenarios facing both Irelands today, especially if a) the Labor Party's Tony Blair becomes Britain's next prime minister; b) the IRA wins U.S. forgiveness by reinstating a temporary cease-fire and Clinton continues his appeasement of the IRA; c) the United States resumes, with Tony Blair's encouragement, its pressure on Britain to bring the "unreasonable" Ulster Protestants into line; and d) the Protestant paramilitaries in Northern Ireland terminate their own cease-fire and resume hostilities after seeing how successful violence can be against democratic governments who believe in the appeasement of political terrorism.

Clinton's policy in Northern Ireland—formulated in response to the 1993 bargain between Adams and John Hume, head of the largest Catholic party in Northern Ireland—is based on two dubious propositions. The first is that the "peace process" initiated by the Hume-Adams pact will lead to some form of Irish "unity," short of a 32-county republic, sufficient to persuade the IRA to decommission its weapons. The second is that the British will coerce the Ulster Protestants to accept whatever "unity" the IRA agrees to swallow and will actually stick around to suppress the inevitable violence from the Protestant/Unionist paramilitaries that will follow.

SCOTT STANTIS

The first proposition is hopelessly naive and betrays a shocking ignorance of the origins and history of the IRA, whose bedfellows and allies in its near century-long trail of blood have included Imperial Germany, Fascist Italy, Nazi Germany, East Germany, the Soviet Union, Castro's Cuba, Basque terrorists, the PLO, and Gadhafi's Libya. The second proposition is equally naive and even more dangerous. Forget for a moment, as most people have, the implacable hostility of the Protestant paramilitaries, which killed nearly twice as many Catholics in 1992 as the IRA did Protestants. Consider, instead, that the second proposition assumes the British will do the right thing and not unilaterally leave Northern Ireland, something they have been trying to do, without success, since 1921. Trusting the British to do the right thing about Ireland—talk about the triumph of hope over experience. The British have, after all, been known simply to leave unpleasant situations, followed by sectarian violence and civil war on a large scale. Think India (and Pakistan) in 1947 and Palestine (and Israel) in 1948. On both occasions, Britain was led by a Labor government, as it likely will be again in the near future.

The IRA knows this about the British and, since the early 1970s, its political and military policies —which it continues to follow—have been designed to bring about just such a hasty departure and bloody outcome. Gerry Adams and Sinn Fein are key participants in this overall strategy. Any American government that doesn't recognize this doesn't know Ireland, doesn't know the IRA,

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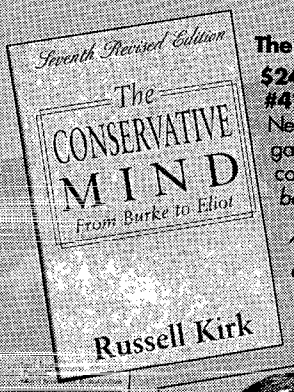

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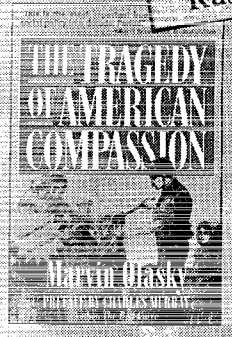

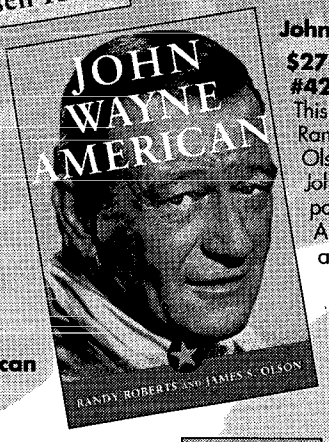

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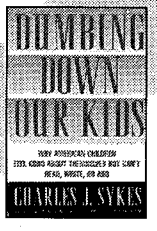

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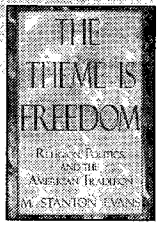

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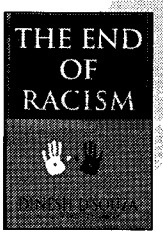

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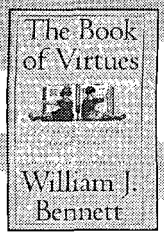

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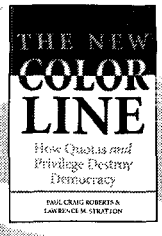

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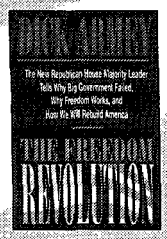

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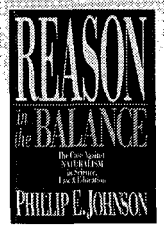

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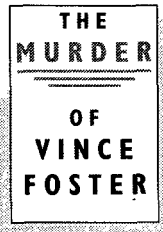

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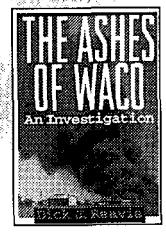

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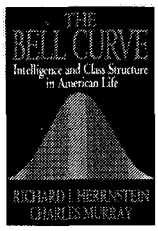

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doesn't know the Ulster Protestants, and is helping to bring an Irish Bosnia closer. The comparison with Bosnia is not far-fetched. Irish politicians, North and South, including John Hume, former Prime Minister Jack Lynch, and former Irish and U.N. diplomat Conor Cruise O'Brien, have all forecast a bloodbath should the British pull out of Northern Ireland on short notice. The number of Catholic refugees who would flee from the North to the South has been projected at 250,000, more than 40 percent of Northern Ireland's Catholic population. To put that in perspective, consider that Ireland's total population is only about 3.5 million, compared to roughly 1.5 million—900,000 Protestants and 600,000 Catholics—in the North. Consider also that support for IRA/Sinn Fein in regular elections is only 2 percent in the South and 10 percent in the North.

The United States does not have any vital interests at stake in Northern Ireland. But having meddled in Irish affairs for the past two years and made the situation worse, the U.S. government has a moral obligation to understand what went wrong and, perhaps, try to make amends. Exploring the origins, premises, goals, and likely consequences of the Clinton-Kennedy initiative may enable either Clinton or a new administration to fashion a policy toward Ireland that will contribute to a genuine peace, not the Orwellian one advocated by Gerry Adams, the IRA, and Sinn Fein, for whom the only acceptable peaceful result is an unlikely Protestant capitulation. The Clinton-Kennedy folly notwithstanding, the United States can play a useful role in the all-party talks that began in Northern Ireland on June 10—*if invited by all sides.* Appropriate U.S. participation could be a way of making up for the damage caused by the Clinton administration's misguided interference. But the U.S. government won't have credibility with all sides to the talks unless it publicly admits it was wrong to appease those who refuse to permanently renounce violence as a means to an end in a democratic society.

A review of the Clinton administration's failure also teaches valuable lessons about how not to conduct foreign policy in the post–Cold War era. It is bad foreign policy for the United States to unilaterally intervene as a broker in the domestic politics of friendly democratic nations operating under the rule of law. It is worse foreign policy to unilaterally intervene on behalf of (or in a manner that tilts toward) an extremist political faction with a long history of encouraging and condoning violence to achieve political goals. It is still worse foreign policy to engage in such a unilateral initiative for what are essentially domestic political reasons. Finally, it is both naive and dangerous to pursue such a unilateral foreign policy initiative when that initiative has no realistic chance of achieving its stated goals. Bill and Ted's Irish Misadventure broke all four rules. It was nothing more than domestic politics masquerading as foreign policy.

Irish-American support for Irish Republican violence against the British government and Ulster Protestants is a time-honored tradition. A considerable number of Irish Americans have been ready to contribute funds to "keep the struggle alive" against what they perceive to be the British "occupation" of all or part of the country, starting with the creation of the Irish Republican Brotherhood in the United States in the 1850s, through the 1916–1920 guerilla war with the British that resulted in the creation of the Irish Free State in 1921, to the 26 years of sectarian violence by the IRA in Northern Ireland beginning in 1970. Most Irish Americans, myself included, consider the pre-1921 struggle for independence morally justified, while only a relatively small minority have endorsed the IRA's subsequent violence. The IRA and its supporters are known in Ireland as "physical force nationalists."

The seeds for the current conflict were sown by the 1921 treaty with Britain that created the Irish Free State and left the six predominantly Protestant counties of the Ulster province in Northern Ireland as part of the United Kingdom—mostly because the Ulster Protestants used physical force themselves to make it clear they would never voluntarily submit to Catholic rule. The Ulster Protestants continued oppressing Catholics, politically and economically, without incident, until the summer of 1968, when the Northern Ireland Civil Rights Movement—nonsectarian but mainly Catholic—staged massive, nonviolent demonstrations to protest the government's political and economic discrimination against the Catholic minority. Protestant mobs responded with violence; Catholic neighborhoods were overrun; many Catholics died; the government of Northern Ireland stood by; the largely dormant IRA did nothing; and in August 1969, the British (most Irish Americans have collective am-

REUTERS/WIN MCNAMEE/ARCHIVE PHOTOS

Gerry Adams and Bill Clinton at the White House: Adams is by many accounts, a cold blooded-killer and, at a minimum, a believer in the threat of violence, if not violence itself, as an acceptable, even preferred method of achieving political goals.

nesia on this) sent in their troops to protect the Catholic minority from the Protestant mobs, much as Eisenhower sent federal troops to Little Rock in 1957 to protect African Americans from white mobs. This was the first time British troops had been anywhere in Ireland, North or South, since 1922 (save for World War II, when U.S. and British soldiers trained in Northern Ireland and served as targets for the IRA's terrorism). Hiding safely behind the weapons of the British Army, the IRA was revitalized and, with substantial support from Irish Americans, started raising money for arms to attack the British troops in Northern Ireland who had saved the Catholics from the Protestant mobs when they could not. This may not seem logical, but then little about the IRA does.

By most accounts, Gerry Adams, the current president of Sinn Fein, is an engaging, articulate, charming and thoroughly cunning Northern Irish politician who once served (and may still secretly sit) on the IRA's ruling military council. He is, by many accounts, a cold-blooded killer and, at a minimum, a believer in the threat of violence, if not violence itself, as an acceptable, even preferred, method of achieving political goals.

John Hume, by contrast, professes to abhor violence. Hume's influence on the Irish government's policies toward Northern Ireland has been immense. As Conor Cruise O'Brien's biographer wrote in 1994: "Hume acquired in the 1970s a license granted him willingly by all the major political parties in the Republic: the franchise to speak for Northern Ireland's Catholics. If John Hume does not approve of something, no southern government will touch it. And, equally important, the provisional IRA have granted him recognition as the constitutionally-elected leader in the Catholic community with whom they will speak with any degree of seriousness. Thus, he has been able to serve as the sole conduit between the Northern Catholics and southern politicians, and as the primary conduit to both London and Dublin governments on what the [IRA] might be willing to accept in any peace negotiations." While Hume cultivates a nonviolent image, he is in fact bitterly anti-Protestant. O'Brien, who became a distinguished journalist and historian and who participated in Irish politics for many years after his diplomatic career ended, observes that Hume's "actual attitude to Ulster Protestants is the implacable and relentless hostility of the seventeenth century."

Hume's approach, since becoming leader of the Social Democratic and Labor Party in 1979, has been to isolate the Ulster Protestants by going over their heads to London and convincing the British to coerce them into some form of a united Ireland. The culmination of that approach was the Hume-Adams initiative in April 1993, when he and Gerry Adams issued a joint statement, the essence of which was the right of "the Irish people as a whole...to national self-determination"—*not* the right of "the people of Northern Ireland as a whole," a majority of whom are quite content as they are. As O'Brien wrote at the time, it was a pact with the devil—physical force nationalism: "In terms of political influence, the men of violence—in this case specifically the Provisional IRA—have actually moved in from the margins to dominate the centre. Gerry Adams, with the full approval of the IRA leadership, has taken his place at John Hume's side as joint leader of a pan-nationalist and pan-Catholic consensus on Northern Ireland: a consensus that now drags the republic in its wake."

Hume-Adams was endorsed by the Irish government and served as the basis for the December 1993 Downing Street Declaration, in which the British renounced any "selfish interest" in Northern Ireland. The declaration was designed to lead to an IRA cease-fire, but O'Brien presciently predicted in October 1993 how it would all end: "[I]t will be a conditional cease-fire and will hold only as long as the IRA believes progress is being made towards the acceptance by Britain of the right asserted in the joint declaration—the right of the Irish people to national self-determination. That means that Britain must be seen to be abandoning the unionists, at least by stages, or the cease-fire will break down."

Clinton's policy assumes the British will do the right thing and not abandon the Ulster Irish Protestants. Trusting the British to do the right thing about Ireland—talk about the triumph of hope over experience.

At the time, Hume undoubtedly expected the British to be more forthcoming in pushing the Unionists (so called because they favor remaining part of the U.K.) than they were. By early 1994, however, it was the IRA's leaders who were uncooperative. They didn't trust the British. They couldn't agree to a cease-fire. They needed more reassurance than simply appeasement from Ireland and Great Britain. They needed to be reassured with one of the oldest Irish myths: America as savior. So, having co-opted the foreign policy of the Irish Republic, Hume set out to do the same with the United States. He would show the IRA that he could get the Americans to push the British, who in turn would push the Unionists.

Hume had long since co-opted most of the leaders of the Irish-American lobby in Congress, but Ted Kennedy was their de facto leader. So in December 1993 Hume had dinner in Dublin with Kennedy, who was visiting his sister, Jean Kennedy Smith, the U.S. ambassador in Ireland, to solicit the senator's help in getting a visa for Gerry Adams. Kennedy was persuaded that the Hume-Adams pact made sense, and he agreed to push for the visa.

Kennedy then set to work on Clinton. It wasn't a walkover, but the president was favorably predisposed. Clinton felt guilty because he already had reneged on hasty campaign promises made in the 1992 New York presidential primary to appoint a

"special envoy" to Northern Ireland and to grant a visa to Gerry Adams. Now Ted was asking to redeem more than Clinton's campaign promises. He and John Hume wanted the United States to join the Irish government's appeasement of Gerry Adams and the IRA, disregarding the wishes of its ally, Great Britain. This didn't bother Clinton because he and some of his senior advisers relished the chance to step on the British lion's tail as a payback for the Conservative Party's ill-advised assistance to the Bush re-election campaign.

In convincing Clinton to grant Adams's visa, Kennedy and Hume had two aces in the hole. One was the Clintons' faltering health care proposal. To support his request for a 48-hour visa for Adams, Kennedy recruited key Senate Democrats, including Christopher Dodd of Connecticut, Patrick Leahy of Vermont, John Kerry of Massachusetts, and Daniel Patrick Moynihan of New York. All told, Kennedy managed to get 40 members of Congress to sign a letter urging Clinton to grant Adams the visa. If Clinton acquiesced in the visa for Adams, he would have a call on them when crunch time came for health care. The second ace in the hole was a senior member of the National Security Council, Nancy Soderberg, who had been Kennedy's chief foreign policy aide and a foreign policy adviser in the presidential campaigns of Walter Mondale, Michael Dukakis, and Clinton. Soderberg knew John Hume, admired him and his nonviolent policies, and opposed the IRA's physical force nationalism. But the Hume-Adams pact and Kennedy persuaded her to reconsider her opposition to the IRA, and she in turn was very influential in persuading Clinton and her boss, NSC chief Anthony Lake.

When Adams's visa was granted, the White House did not pretend that vital American interests were involved. A February 10, 1994, story in *The New York Times* quoted American officials to the effect that Clinton had decided to grant the visa "mainly for domestic political reasons," citing the influence of the Irish-American delegation in Congress. Soderberg herself was aware of the risk the administration was running. In the same story the *Times* quoted "one staff member of the National Security Council"—undoubtedly Soderberg—as saying: "In the end, it might do some good. I must admit that my heart is in my throat when I think about how it could all go wrong." It *might* do *some* good? Not a very sophisticated rationale for a foreign policy—and this from its architect. The next time, Nancy should keep her heart where it belongs and rely on her principles and values rather than the lilting blandishments of a provincial politician like John Hume. Appeasement of political violence in a democracy is wrong. Nancy Soderberg once knew that.

The U.S. government won't have credibility with all sides to the talks unless it publicly admits it was wrong to appease those who refuse to permanently renounce violence as a means to an end in a democratic society.

To Bill and Ted's disappointment, the February 1994 visa didn't produce an IRA cease-fire. That took until the end of August 1994, after Clinton gave a visa to 74-year-old Joe Cahill, who had been convicted in Dublin in 1973 of attempting to import arms and explosives from Libya. Like Adams, he had served on the IRA's ruling military council. What did the British and the Ulster Protestants think of all this? Not much. But then, they were never asked. As one anonymous White House official said, "It obviously ticks off the Brits, but equally obvious, that is acceptable to a lot of us."

The Unionist paramilitary cease-fire was announced in October 1994. After that, it was all downhill, culminating in Adams's third visa in early 1995, which explicitly permitted him to raise funds for Sinn Fein. As before, the British and the Ulster Protestants weren't consulted. During the rest of the year, to the IRA's disappointment, the United States failed in its attempts to persuade the British to pressure the Ulster Protestants into peace talks. The Protestants had little reason to be enthusiastic, since the IRA refused to declare its cease-fire permanent and refused to consider a token "decommissioning" of its weapons before all-party talks in Northern Ireland.

Nevertheless, the cease-fire held just long enough for Clinton to make his December 1995 trip to Ireland and Northern Ireland, becoming the first sitting American president to visit both. While there, Clinton showed superficial signs of sensitivity to Ulster Protestants: his visit to Violet's Fruit Store in Belfast, next door to where 10 people had died in an IRA bombing in October 1993; his purchase there of six oranges and two green apples; and his reference in a speech to the land of the "harp and the fiddle, the fife and lambeg drum," an evenhanded tribute to both wings of Northern Ireland's musical movement. But for militant Protestant Orangemen, who have been in Ireland longer than we have been in America, it will take more than six oranges to erase the image of Gerry Adams scarfing Dublin Bay prawns and Irish whiskey truffles with Bill and Ted at the White House.

In one Northern Ireland speech, Clinton dismissed the IRA and the Unionist paramilitaries, telling them, "You are the past; your day is over." He was premature. A month later, in January, IRA killings resumed at a pace of one a week. They shot Francis Collins in his fish and chips shop. They murdered Martin McCrory through his living room window as he watched television. They shotgunned Ian Lyons as he sat in his car with his girlfriend, Sheena McAlinden. The IRA initially denied the killings, but as one West Belfast Catholic politician said, "I think the very dogs in the street know it's the IRA that are doing this."

Bill and Ted helped hasten the cease-fire's end by mishandling the weapons issue, misunderstanding the British and the Ulster Unionists, and promising more to the IRA than they could

deliver. After the initial cease-fire from both sides in late 1994, the Irish government, the British government, and the Unionists made clear that all-party talks must be preceded by a permanent cease-fire—an unequivocal repudiation of violence—and at least token gestures from both the IRA and the Protestant paramilitaries toward decommissioning their weapons. The IRA stonewalled on both issues, and the Irish government caved in to the IRA's hard line. So did Bill and Ted. The Unionists didn't. They refused to come to the table with an IRA gun at their back.

British Prime Minister John Major then came up with a new approach in late January. He acknowledged the IRA's intransigence and agreed to the all-party talks *without* a permanent cease-fire and *without* decommissioning of weapons, but only on the condition that the all-party talks take place *after* special elections to choose delegates to the all-party talks. It was a good idea because it persuaded the Unionists to agree to what they previously had rejected: all-party talks before a permanent cease-fire and before decommissioning. The Unionists relished the opportunity to contrast their political base with the IRA's in a free election. The IRA and Gerry Adams accused the British of stalling, but that wasn't the point. Elections were. The IRA had earned its place for Adams at the table through terrorism. Now, that place would have to be earned through freely cast votes.

Accepting Major's proposal was an act of courage on the part of David Trimble, the Unionist leader. By abandoning his position on decommissioning, he risked a resumption of Unionist violence and renewed political strength for the ultra-militant Rev. Ian Paisley. Unfortunately, Trimble's courageous gesture was not met with a comparable response from the White House, where the only profiles in courage are located in Bill's copy of Jack Kennedy's book on the subject. Refusing to acknowledge the Unionists' concession and Major's breakthrough in getting them to buy it, the White House took a neutral stance. Privately, Bill apparently encouraged his pal, Ted, joined by Sen. Christopher Dodd, to give the IRA a different—and dangerous—message. "There cannot be an added precondition," said Kennedy, rejecting the idea of special elections. Dodd went further, saying "it is the British who have to be nudged to give us a specific plan quickly"—about as explicit an invitation to violence as you can imagine from a sitting member of Congress. The IRA was listening carefully, and exactly seven days later it delivered the "nudge" Christopher Dodd's careless words had invited: the 1,000-pound bomb in Canary Wharf.

Bill and Ted still don't get it. *New York Times* foreign affairs columnist Thomas L. Friedman expressed well the vision Clinton has for Northern Ireland: "There is no room for a territorial solution here. The Northern Irish are doomed to live together. That is why the only solution is some variation of the London-Dublin Framework Document, worked out in February, under which Catholics would have to settle for blurry links to the Irish Republic and Protestants blurry links to Britain, and they would both have to accept a blurry power-sharing arrangement, in which neither side would have the upper hand."

Have to accept? *Have* to settle? It makes you want to pick Clinton up by the shoulders, shake him, and shout: "It's the bloody Protestants, stupid! You can't ignore them!" The key to peace in Northern Ireland lies with persuading the majority. Noting how the Catholic Church dominates Ireland's politics and culture, the Protestants are understandably wary of "links" to the

AP/WIDE WORLD PHOTOS

David Trimble at the White House: The Northern Irish Protestant leader is every bit as articulate as Adams in justifying his side's positions. It's still not clear whether he has the stature to move beyond his militant Orange background to a new Northern Ireland where Catholics have power in proportion to their electoral strength.

republic, blurry or not. They know they don't have to accept or settle for anything unless they are persuaded to do so. And certainly not at the point of a gun, because many of them have guns, too. Sadly, all God's children have guns in Northern Ireland.

There are a few positive signs, however. After some initial posturing and finger-pointing, the Irish and British governments got down to business and, without the meddlesome Americans, quickly agreed in March to Major's proposal for special elections to choose delegates to the all-party talks. They scheduled the elections for May 30, with the talks beginning on June 10. Sinn Fein was permitted to take part in the special elections but denied a role in the all-party talks unless the IRA resumes its cease-fire. Sinn Fein has also come under criticism in the South. After the May 30 elections, the *Sunday Independent* in Dublin called on the Irish and British governments to "end the appeasement of the Republican movement," warning that to do otherwise "would be a betrayal of democracy on this island...that could set the stage for civil war." Another encouraging development is that the Unionist paramilitaries have maintained their cease-fire despite the resumed violence from the IRA.

John Hume, whose initiative with Adams was another casualty of the Canary Wharf bomb, no longer has the kind of influ-

ence over the Irish government's policy toward Northern Ireland that he once did. On the other hand, the reputation and influence of the Ulster Unionist Party leader, David Trimble, is on the rise. He has forged a temporary unity among the two major Unionist parties. His agreement to all-party talks before decommissioning is evidence of his political strength, and it is only from strength that compromises can be made. Moreover, unlike his predecessors, he is every bit as articulate as Gerry Adams in justifying his side's positions. It's still not clear whether he has the stature and generosity of spirit to move beyond his militant Orange background to a new Northern Ireland where Catholics have power in proportion to their electoral strength.

Clinton and John Hume: Hume's approach since becoming leader of the Social Democratic and Labor Party has been to isolate Ulster Protestants by going over their heads to London and convincing the British to coerce them into some form of a United Ireland.

As always in this troubled land, the negative signs are still there as well. The May 30 special election provided a number of them. Sinn Fein gathered 15 percent of the vote, a record high for the IRA's political wing. And it did so at the expense of Hume's SDLP. What went unnoticed in the United States however, was that Sinn Fein's Protestant physical force counterparts—the political wings of the Protestant paramilitaries, the outlawed Ulster Volunteer Force and the Ulster Defence Association—polled 6 percent of the vote. That means 21 percent of the vote in Northern Ireland supported the political terrorists on one side or the other. Add to that an increased vote for the militant Rev. Ian Paisley—at the expense of David Trimble—and you have a volatile mixture. Forty percent of the voters now back the extremists on both sides.

The IRA still holds the match, and Gerry Adams has made no public appeal that they put it down. Indeed, in the run-up to the special election, the IRA carried out a "dummy run" bomb attack on a security base in Belfast as if to reinforce the message on a defaced Sinn Fein campaign poster where "Vote Sinn Fein for Peace" had been altered to read "Vote Sinn Fein—or else." Adams used the election results to again demand a seat at the all-party talks without a new IRA cease-fire, a position supported by the Unionist paramilitaries who want to keep their own violent options open. In response, SDLP M.P. Joe Herndon, who knocked Adams out of his seat in the British Parliament in 1992, unexpectedly denounced Sinn Fein as "fascist" and "sectarian." Meanwhile, Clinton maintained his silence.

The best thing the United States can do is to follow the policy enunciated by Ronald Reagan when he addressed the Irish Parliament in 1984. He offered America's "good will and support to Ireland" before adding that the United States "must not and will not interfere in Irish matters." Good advice from a man with far deeper Irish ancestry than the tenuous links recently discovered by Bill Clinton and Al Gore. The United States has no strategic national interest at stake in Northern Ireland. It never did. And it should strictly stay out of any matters involving Northern Ireland unless and until both the Irish and British governments seek U.S. participation. In the meantime, the U.S. government should close any back channel it may still have with Gerry Adams, Sinn Fein, and the IRA. If the political wing of the IRA wants its voice heard, let it come through Dublin and Irish Foreign Minister Dick Spring, not Washington, D.C., and Nancy Soderberg.

There is something else the Clinton administration can do: It can admit its mistake. A window of opportunity exists for it to do so. While all-party talks formally started on June 10, serious discussions weren't expected until later in the summer. Neither was a new IRA cease-fire. The administration ought to tell the Irish and the British that, at a time and place of their choosing, the U.S. government will formally announce that its policy of the past two years was based on a mistaken trust in the good faith of the IRA. Henceforth, the United States will support the British and Irish governments in setting stringent conditions for allowing Sinn Fein to participate in the all-party talks, including a) Sinn Fein's unequivocal renunciation of violence for political ends; b) a declaration by the IRA's ruling army council that any new cease-fire is permanent; and c) an agreement by the IRA, along with the Protestant paramilitaries, to give up 10 percent of their weapons before participating in decommissioning talks, to be conducted at the same time as the talks on political issues.

If the United States does that with the full backing of both the Irish and British governments, it may well be enough to persuade the Ulster Protestants to take the real risks that making peace will entail. If the Clinton administration can't bring itself to do this—and, in an election year, it probably cannot admit having made a mistake of this magnitude—then it ought to do the next best thing: nothing. ®

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AP/WIDE WORLD PHOTOS

Talk Is Cheap

While diplomats bicker over telecom trade rules, new technologies are shattering protectionist barriers.

by Cynthia Beltz

"DIAL THE WORLD. TALK FOREVER. NEVER Pay Long-Distance." This is the sales pitch for Digiphone, a software package that lets personal computer users talk to people across the country or around the world for the price of a local call. The software bypasses the long-distance telephone network by converting voices into digitized data that can be transmitted over the Internet to another computer or telephone. With software firms like Digiphone and VocalTec, a European businessman who travels regularly to U.S. cities could maintain a relatively inexpensive dial-up Internet access account in the United States that would allow him to make calls back to Europe at a fraction of the usual cost. On the flip side, American business travelers in Europe could call the United States for a third of the normal charge by dialing up the Internet through a pan-European access provider such as EUnet or Pipex.

Such possibilities were the subject of the first annual Internet telephony conference, Dialing the Net. Held in London last April, the meeting highlighted Internet entrepreneurs who are creating new markets that are intrinsically borderless. It illustrated how new technology and consumer demand are transforming telecommunications, overcoming barriers to competition, and undermining old monopolies.

In Geneva, meanwhile, trade negotiators from 53 countries were talking about opening the $500 billion telecommunications market to competition. After countless hours of negotiations under the auspices of the World Trade Organization, they failed to reach an agreement by the April 30 deadline. The United States refused to sign because a "critical mass of countries" had not agreed to match its offer to open the U.S. market. A complete collapse of the negotiations was narrowly avoided by extending the deadline until February 15, 1997, with talks to resume in July.

With or without a WTO agreement on telecommunications next year, the global information society will continue to emerge, monopolies will be broken up, and American firms will continue to play a dominant role in the process. The fact that the WTO has been forced to the sidelines in one of the most dynamic and important growth industries suggests that Republicans and Democrats alike have exaggerated the organization's importance. Pat Buchanan and Ross Perot have told us we should fear an all-powerful WTO inimical to U.S. interests, while the Clinton administration has acted as if the WTO were the only force working in favor of a more open trading system. But in this case, technology and market trends are proving to be far more powerful.

The real loser in the telecommunications talks is the WTO. It was created by the 1993 Uruguay Round of the General Agreement on Tariffs and Trade to carry on the work of opening world markets and to provide a mechanism for peacefully resolving international trade disputes. But the failure of the telecommunications talks has raised new questions about the WTO's ability to handle this mission. Three key sets of negotiations left over from the Uruguay Round (telecommunications, financial services, and maritime services) have either failed or been postponed

in the past year. And the world trading community is holding the United States, the main architect and proponent of the WTO, responsible for the setbacks.

IN THE TELECOMMUNICATIONS TALKS, THE U.S. government claimed the right to refuse licenses to foreign-owned companies that want to operate international services out of the United States but whose home countries do not provide "equivalent competitive opportunities." Trade officials have argued that if the United States opens its market unilaterally and removes the remaining foreign ownership restrictions in telecommunications, it will lose the leverage needed to open foreign markets. They have also indicated that the insistence on tit-for-tat market opening is part of a broader shift in U.S. trade policy toward bilateral reciprocity. The United States, according to acting U.S. Trade Representative Charlene Barshefsky, has "made the decision that trade agreements must be reciprocal in character....We expect foreign markets to be as open to our goods and services as ours is to them."

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Sounds fair. But the "let them in only to the extent they let you in" position is based on a zero-sum logic that conflicts with our own experience in telecommunications. It exaggerates the role of government while underestimating the far more powerful roles that technology and consumer demand are playing in breaking down barriers to competition.

The U.S. experience is instructive because it demonstrates both the benefits of unilateral liberalization and the rapid breakdown of monopoly once a breach in the wall of protection occurs. For more than a century, the telecommunications industry was controlled by monopolies that limited competition at the national and international levels. The system started to crumble with the court-ordered breakup of AT&T in the 1980s, which touched off a revolution in innovation and competition. The changes culminated in the sweeping reform package signed into law by President Clinton in February, which promises to eliminate most of the remaining barriers and open the local service market to competition.

The United States has broken down the barriers to competition in most of the telecommunications sectors, without seeking reciprocity or requiring its trading partners to make equivalent moves. In the process it has created one of the most open telecommunications markets in the world, forcing American firms to be competitive. U.S. telecommunications companies are the most sought-after partners for international business alliances, in large part because of their experience in an open market.

Deregulation and liberalization also increased the depth and size of the telecommunications market, offsetting declines in the market share of incumbent firms. Telecommunications service revenue has been increasing as a percentage of GDP for OECD economies with competitive markets. In Japan, New Zealand, the United Kingdom, and the United States, the OECD found that employment by new service suppliers and users has largely offset jobs shed by incumbent telecommunication monopolies. Despite downsizing in the United States, domestic employment in the telecommunications industry has increased by 54,000 during the past two years.

Competition has brought lower prices, improvements in the quality and diversity of services, and more than $2.5 billion in savings to U.S. consumers. These benefits, in turn, have given U.S. commercial users a competitive advantage over their rivals in international markets. As users in the United States enjoy innovative data services and a 50 percent reduction in the price of long-distance services, their rivals in Europe, where telecommunications monopolies continue, have been forced to bear significantly higher costs. In Germany the cost of telecommunications services such as high-speed leased lines is five times as high as in the United States and twice as high as in Britain. For large commercial users in Germany, these prices can raise telecommunications costs (e.g., dial-up circuits, national leased lines, international leased lines, and telex lines) to 30 percent of total revenue—double the proportion in the United States.

To keep pace with their American rivals, European telecommunications users have started demanding not only lower prices but also the advantages of advanced services, such as audio conferencing on demand. The globalization of major user markets such as financial services further intensified demands for cost-effective communications systems and increased internal pressure for reform. As a result, the European Commission has targeted national monopolies for elimination. The commission is pushing privatization and foreign competition in an effort to upgrade Europe's second-rate telecommunications infrastructure and boost economic growth.

Thus, moves to open markets here have helped open foreign markets as well. The interdependence stems not from heavy-handed reciprocity demands but from market forces and global competition. Indeed, reciprocity demands could actually retard liberalization if other countries defer market-opening moves to gain bargaining power at the negotiating table. Furthermore, the argument for reciprocity clouds the debate by implying that those who do not open their markets gain at the expense of those who do. This is clearly not true from the perspective of telecommunications users, which include busi-

nesses whose ability to compete is impaired by poor service and artificially high costs.

THE BENEFITS FROM OPENING TELECOMMUNICATIONS markets worldwide will be substantial. According to estimates from the Institute for International Economics in Washington, D.C., consumers stand to gain more than $1 trillion from lower rates, better service, and improved technology. But open markets do not hinge on U.S. tactics in the WTO negotiations. The strongest forces pushing for liberalization are not even at the table. Consumer demands and new technologies are tearing down barriers that have protected telecommunications operators from domestic and foreign competition. National governments from Argentina to Australia are opening their telecommunications sectors to competition and dismantling state-owned monopolies. More than 50 privatizations are under way or have been announced.

> Monopolies still exist in telecommunications, but the price of sustaining them is rising. Monopolies have failed to develop the flexibility necessary for customized telecommunications solutions, mobility, and new services.

In developing countries, infrastructure and capital needs are driving the shift toward open markets. In Asia alone, according to the Asian Development Bank, more than $200 billion will be needed during the next decade to bolster the telecommunications infrastructure. The demands far exceed domestic capital pools and the abilities of local firms. Foreign direct investment therefore has become the most important source of financing for developing countries. Leon Brittan, the European trade commissioner, notes that "developing countries have never been as receptive as they are today to the message that foreign direct investment is not a threat but a positive tool for economic growth, bringing capital, technology, and management expertise."

Even advanced economies like Singapore, which has been reluctant to open its telecommunications market, are being forced by technology and market trends to accelerate their plans to open their markets to domestic and international competition. Europe has been forced by its own infrastructure crisis to break the stranglehold of public monopolies faster than anyone believed possible just three years ago. Under European Union rules, all telecommunications services and infrastructure must be open to competition by January 1, 1998—the date that the WTO's telecommunications agreement would go into effect.

Last year the European Commission ordered the EU's 15 member states to allow alternative networks used by cable companies, railways, and other utilities to compete against state-run monopolies, except in voice telephony, after July 1, 1996. The utilities or third parties may use the networks for private corporate services, mobile communications, and data services. In the past, a firm such as British Telecommunication in Germany could offer these services only by leasing capacity from Deutsche Telekom. The recent EU decisions allow new telecommunications operators to bypass the lines owned by state phone companies and lease lines from alternative providers. After January 1998 they will be permitted to supply voice services as well.

Monopolies and barriers to competition still exist, but the price of sustaining them is rapidly rising. Insulated from competition, monopolies have failed to develop the flexibility and cost discipline necessary to respond to user demands for customized telecommunications solutions, mobility, and new services such as Internet access. At the same time, their inflated profit margins (more than 40 percent) have attracted the attention of new competitors seeking to exploit the opportunities presented by unmet consumer demands and the revolution in networking technologies.

High international rates for telephone calls have stimulated a rapidly growing market for cheaper alternatives. System integrators, for example, buy long-distance capacity in bulk and then offer services to telecommunications users at large discounts. U.S. international long-distance resellers offer call-back services to multinational firms or their customers abroad. Call-back services in effect export competition to markets dominated by state-owned monopolies or inefficient suppliers by shifting the origin of a call. Customers are typically given a "trigger" number that they use to call a computer in the United States, hanging up before the connection is made. The computer then calls back, offering an American dial tone that can be used to call anywhere in the world. Depending on the destination, call-back operators can save their customers more than 50 percent on international calls. In the last year, call-back traffic has grown by 63 percent, and by the end of the year more than 100 American companies may be providing the service. Governments in Argentina, China, South Korea, and Malaysia have tried without success to stop it. When Uganda tried to block all calls to the Seattle area code where Kallback is based, *The Economist* reports, the company simply routed the calls through a different area code.

Converging technologies are blurring the boundaries between regulated and unregulated industries, allowing competition between firms that previously did not compete. In the past, there were separate networks for different types of traffic (voice, data, video). But with the digital revolution and deregulation in the United States, integrated service networks are emerging that include voice as one component in a bundle of applications. Regardless of what happens in Geneva, both foreign- and American-owned telephone companies are therefore being forced to compete against cable, satellite, and computer

companies. New technologies have also cut the price of admission and encouraged a new generation of start-ups to enter the converging information and communications sector.

THE INTERNET PROMISES TO BE THE MOST DISRUPTIVE new technology. It is rapidly eliminating the importance of distance between nations, closing the gap between computer and voice communication, and giving corporations a cheaper alternative for traditional telecommunications services. In contrast to the telephone industry, it has not been protected or burdened with regulators trying to manage its growth. It has instead grown in response to user demands, with an exploding base of more than 50 million worldwide.

U.S. negotiators couldn't have asked for a better partner in the cause of opening markets. The Internet will hit exactly those markets, such as international telecommunications services, where profit margins have been kept artificially high by the lack of competition. On transatlantic connections 50 percent of the traffic is for fax messages, which are digital and therefore suited for Internet transmission. CallWare Technologies, a Salt Lake City company, is already selling software that makes international voice mail a local call. Internet-based callback schemes are also starting to emerge. CallWare is working on a plan that would allow traveling managers connected to a U.S. computer via the Internet to command the computer to call another U.S. number over the phone line and then transfer that phone call to wherever they are located, thereby bypassing the high rates charged on outbound voice calls by monopolies in Asia and Europe.

Companies such as Digiphone and the Israeli firm VocalTec are pushing the Internet frontier beyond e-mail to include real-time, two-way voice conversations. The quality of the voice calls over the Internet is still inferior to those placed through traditional phone lines, but the technology and underlying infrastructure are rapidly improving. With Netscape and Microsoft racing against each other to add real-time voice capabilities to their Internet products, voice service may become a standard feature of software packages for surfing the Internet as early as 1997.

Internet phones are just the beginning. More and more companies are converting telephone traffic to digital data and sending it through private networks to cut telecommunications costs. Universities like Cornell are considering whether to replace their telephone systems with much cheaper systems that deliver multimedia over data networks. Sun Microsystems has announced plans to abandon the expensive global network that it leases from phone companies such as MCI and Sprint, instead connecting its scattered offices through the Internet.

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The networking revolution is not limited to the United States. One of the most significant developments in Europe during the past year has been the growing importance of alternatives to the public telecommunications network. Hermes Europe Railtel, a consortium of railway companies financed by George Soros, is investing a reported $1.2 billion in a trans-European network that will allow it to sell its excess capacity to phone companies, corporations, and phone start-ups. It will be the first major network that doesn't rely on patching together leased fiber from telecommunication monopolies. Utilities such as RWE, Veba, and Viag also offer private corporate services on their backbone systems.

With competition for corporate users on the rise, monopolies may lose 40 percent of their market and 70 percent of their profits. Leased line prices for data and long-distance services are already falling and may drop as much as 10 percent a year as competition increases. A recent survey of 120 major corporations by IBM and The Economist Intelligence Unit found that the increasing availability of service alternatives is expected to hold down telecommunications costs even as the demand for voice and data traffic dramatically increases.

Foreign firms are expanding the base of competition and upgrading the information infrastructure in Europe and Asia. Cable and Wireless, a British firm, and Global One (Sprint, Deutsche Telekom, and France Telecom) are investing millions to develop Internet services in Europe and Asia. UUNET, one of the largest U.S. Internet access providers, plans to buy communication links in Europe from Hermes Europe Railtel BV. It has a 40 percent equity stake in EUnet Germany, the largest Internet access provider in that country, and in 1995 it purchased Unipalm PLC, the leading Internet provider in Europe. Other firms such as IBM are designing and operating private networks around the world. The IBM Global Network is one of the largest Internet service providers in the world, offering high-speed line connections with more than 600 dial-up points in 50 countries.

With network costs becoming less sensitive to distance and a growing web of global alliances creating new forms of market access, geographic boundaries and corporate nationalities are becoming less relevant. While negotiators have been arguing over the official rules of market access in Geneva, telecom operators in the OECD economies have been making some of their own as they rush around the globe gathering partners and stitching together a network to supply the information and communication needs of multinational corporations. This supercarrier race has been marked more by competition among U.S.

long-distance providers than competition between U.S. and foreign-owned firms. MCI has joined with British Telecom to form the Concert venture. Sprint has the Global One venture, while AT&T has a loose network of alliances with local carriers through World Partners, which includes 16 telecommunications carriers that provide services in 31 countries in the Asia-Pacific region, North America, and Europe. In Germany, the largest telecommunications market in Europe, North American companies are playing an especially prominent role. The major ventures include Thyseen-Bell South; DASA-Northern Telecom; Viag Interkom-British Telecom, Veba-Cable and Wireless; and an alliance of CNI (Mannesmann-Deutsche Bank), AT&T, and Europe's Unisource.

These alliances are just the tip of a rising global information economy characterized by new patterns of international exchange and a dense web of public and private networks crossing industry and national borders. Market access continues to be a critical issue, but while the negotiations in Geneva could help, they are not the most important piece of the puzzle. Recent trends highlight the growing importance of marketplace developments relative to public institutions in setting the de facto rules of the game.

The official rule-making process takes, on average, more than 10 years, whether for a domestic agreement (the U.S. 1996 Telecommunications Act) or a multilateral accord (the Urugúay Round Agreement and the pending WTO telecommunications deal). Contrast that experience with the rapid development of the Internet. Written off just two years ago as a plaything of the technical elite, the Internet is redefining the rules and the very nature of the telecommunications industry. Less than two months after the Telecommunications Act was passed, long-distance and local phone companies were lobbying the FCC to change the definition of a telecommunications carrier and stop "unfair competition" from innovations like Internet telephony.

Less than two months after the Telecommunications Act was passed, long-distance and local phone companies were lobbying the FCC to stop "unfair competition" from innovations like Internet telephony.

WITH TECHNOLOGY BLURRING THE LINES BETWEEN industries, it is no longer clear where the lines should be drawn, or if they even can be drawn. Should Microsoft, Netscape, or Internet access providers be regulated as telecommunications carriers in the domestic and international arenas? Should voice services delivered over what used to be simple data networks be treated as enhanced services that are not regulated, or should they fall in the heavily regulated category of basic services? Definitions may ultimately matter very little. By the time an official decision is made, the marketplace will probably look fundamentally different. An industry rule of thumb is that one human year is equal to about five Internet years.

In this chaotic world of converging markets and rapidly changing technologies, government should do what it can to promote a uniform, stable framework of rules. The United States failed at this task last April in Geneva. According to the U.S. Trade Representative, 33 governments "have indicated that they are prepared to commit to fair rules of competition. This is an unprecedented development in a global market that is still dominated by inefficient state-owned monopolies." But instead of seizing the opportunity to anchor these commitments to a multilateral system of rules that would have improved the access of U.S. telecommunications firms, the United States walked away from the negotiations.

In doing so, the Clinton administration also lost a strategic opportunity to strengthen the WTO and put to rest nagging questions about America's commitment to the multilateral liberalization process. Congress was already skeptical about what the United States would gain from the WTO. Senate Majority Leader Bob Dole further encouraged distrust with his proposed "three strikes and you're out" commission, which would review WTO rulings and recommend that the United States pull out after it finds three it doesn't like. Other countries are also responsible for the WTO's setbacks—Malaysia and Indonesia did not even make liberalization offers in the telecommunication talks—but their decisions do not carry the same weight as those of the United States.

The success of international agreements like the Uruguay Round, which created the WTO, depends largely on the level of support from their most powerful members. The U.S. government spent seven years convincing the international trading community it needed a global free trade watchdog. It also seems to think that the WTO can serve American interests: Twelve of the 18 disputes pending before the WTO were initiated by the United States. But if the United States wants a credible WTO around to handle its complaints against offensive trade practices and to shape the global framework for the marketplace being created by converging technologies, it needs to stop playing around with reciprocity games. Countries that choose not to open their markets do so at their own expense. If the U.S. government cannot demonstrate its faith in the benefits of competition based on its own experience, especially when current trends so overwhelmingly favor U.S. interests, what other government will? Periods of momentous change and opportunity reward those who not only talk about what needs to be done but who lead by example. ®

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Martyr Me, Please

By Ed Carson

Campus lefties try to stamp out alternative viewpoints, but end up looking stupid.

TWO YEARS AGO, I WAS editor of the *Oregon Commentator*, a biweekly libertarian/conservative magazine at the University of Oregon. The year was winding down when we learned that two students active in student government were planning to charge our publication with racial and sexual harassment.

NORTHWESTERN CHRONICLE

Volume 5 Issue 25 **Making an Unsatisfactory Contribution to the Northwestern Community** Friday May 10, 1996

Guilty As Charged

ASG Executive Committee Votes to Sanction Chronicle

BY LAINE WOLMAN
Northwestern Chronicle

Guilty as charged. The Northwestern Chronicle makes an unsatisfactory contribution to the Northwestern community, said the Associated Student Government Tuesday evening.

The ASG Executive Committee voted to sanction the Chronicle for violations of legislation regulating the distribution of unrequested periodicals.

Because the Chronicle did not pick up any unclaimed papers remaining on the floors of student residences after 24 hours, in accordance with section two of the legislation, the committee voted to revoke the abilities to reserve office space, to use the ASG computers or copier and to advertise in "Here and Now."

"The Executive Committee revoked all privileges associated with B-status Committee] is supposed to follow, the Senate."

This decision follows the sanctions hearing held last Sunday night, the first such hearing in recorded ASG history. Kristy Noonan and Greg Cordaro, the Foster-Walker senators who filed complaints, and Luke Preczewski and Ron Witteles, the editor in chief and publisher of the Chronicle, presented their sides of the issue.

Mr. Cordaro and Ms. Noonan maintained that they were merely trying to keep "litter" out of the halls, in accordance with the wishes of the student body, as demonstrated by the success of this legislation in Senate.

"If I have the opportunity to keep stuff out of the halls, when it's going to turn into litter anyway, I should take that opportunity," Mr. Cordaro (CAS '98) said.

Messrs. Preczewski and Witteles countered that this legislation was

NU paper is defiant in delive...

ASG

Freedo... Conservative NU paper fights to deliver message

ASG Legislation

The Daily Northwestern

Getting picked on by the student government at Northwestern University may have been the best thing that could have happened to the conservative *Northwestern Chronicle*.

Were we scared, cowed? No. We were *ecstatic*. We were never worried that we'd get in actual trouble, and the lawsuit would give us a golden opportunity to show that the campus was dominated by leftists intolerant of other opinions. We figured if we played our cards right, we could get press coverage from across the country, maybe even a *Wall Street Journal* editorial. The ACLU would rush to our defense, and conservative foundations would shower us with money for our courageous stand.

Now, we didn't want the sensible lefties and liberals to stop the two students from moving forward, so we kept quiet. But we did have T-shirts printed up with the First Amendment on the back in anticipation.

Alas, the lawsuit never materialized, and our dreams of fame and fortune died with it. All we had were some cool *Commentator* T-shirts. But not all campus magazines are so unfortunate. We were relying on two fringe characters acting on their own. At Northwestern University, the whole student government piled on.

At Northwestern, student organizations distribute fliers and publications door-to-door in the dormitories. This past April, the Student Senate passed a measure ostensibly designed to address litter problems in the dorms. The rule was neutrally worded: Any publication that comes out at least three times a school year would be required to pick up unwanted copies within 24 hours and must not deliver to the doors of residents who state in writing that they do not want that publication. The rule, in effect, exempted fliers and doorknob notices. In fact, the *only* organization affected by the new restrictions was the *Northwestern Chronicle*, a conservative student newspaper published weekly during the school year. Naturally, the *Chronicle* cried foul.

"We objected because it was a punitive piece of legislation aimed specifically at us," says *Chronicle* Editor Ron Witteles. "This shows that campuses today are still where freedom of speech and freedom of dissemination of views aren't welcome."

Door-to-door delivery is a critical part of the conservative weekly's success. Getting 6,000 copies practically into students' hands significantly increases readership, and gives the *Chronicle* a much-needed advertising edge over *The Daily Northwestern*, which only distributes stacks of copies in the dorm lobbies. Advertising makes up roughly $17,000 of the *Chronicle*'s $22,000 annual budget, the rest coming from grants, subscriptions, and small donations. The *Chronicle* staff also places stacks of their paper in the dorm lobbies, but Witteles says those are often stolen, a frequent problem for conservative papers. Delivering door-to-door cuts down on theft. Stealing one paper at a time still happens, but it's harder. In the past the *Chronicle* was delivered only to those who wanted the paper, but Witteles says that practice was discontinued because students who got the paper would sometimes be harassed and decide it wasn't worth the hassle.

Witteles says litter is just the latest excuse for blocking or interfering with *Chronicle* distribution. Previously, political opponents have said that delivering the *Chronicle* door-to-door creates a fire hazard. They've even said that students could slip on copies of the *Chronicle*, creating potential liability problems. "They're trying to find some way of pretending that it's some non–viewpoint-related regulation and it's accidental that it only affects the *Chronicle*, but that strains credulity," says Daniel D. Polsby, a Northwestern law professor.

THE *CHRONICLE* COVERS SPORTS, ENTERtainment, and nonpolitical campus events, but it makes no bones about its conservative content. It began publishing in May 1992 and is part of the Collegiate Network, an association of 52 libertarian and conservative college newspapers. Ideologically, the *Chronicle* is more Republican than many of its freewheeling sister papers: Speaker Newt Gingrich and Rep. David McIntosh (R-Ind.) are honor-

ary advisers. "These guys are mainline Republican types, not Montana militia folks," says Polsby, an occasional REASON contributor.

But the *Chronicle* has made enemies, as its editor freely admits. "We've been critical of many a student group over the past couple of years," Witteles says. "Some of them may hold some resentment against us."

When the black student union brought Maya Angelou to campus, the *Chronicle* reported that she had been voted one of the worst professors at Wake Forest University. When Asian Americans conducted an all-day hunger strike to demand an Asian-American Studies program, *Chronicle* staff set up next to them and handed out free pizza to passing students.

It's not surprising that political opponents would go after the *Chronicle*. What is surprising about the Student Senate's action is that it had already been tried before, and that attempt failed. In November 1994, the two largest dorms banned the *Chronicle* from delivering door-to-door, also using neutral-sounding language that affected only the conservative weekly. The *Chronicle* appealed to the University Hearings and Appeals System. Polsby testified on behalf of the *Chronicle* as a constitutional expert. Northwestern is a private university, but the school uses the Constitution as its standard. Essentially, the university must act as if it were a public institution, and the dorm hallways public areas. "The university is obliged to follow their own rules," says Polsby, "and the rules say follow the Constitution."

The six-student, three–faculty member UHAS Appeals Board agreed, and overturned the dorm ban in February 1995. So when the Senate considered restrictions this year, *Chronicle* staffers tried convincing student senators that the issue had already been decided and they were bound to fail. "We warned them beforehand that it was just going to make them look extremely stupid and they were going to lose," says Witteles.

But the measure passed the Senate on April 17, and the *Chronicle* continued to distribute to the dorms. The Associated Student Government Executive Committee responded by sanctioning the paper on May 7, revoking the *Chronicle*'s right to reserve rooms for meetings, use the student government copy machine, or use computers set aside for student groups.

The *Chronicle* wasn't particularly concerned. In fact, the staff wore the student government's official disapproval as a badge of honor. The May 10 issue front-page headline was "Guilty as Charged." Using language from the Executive Committee's ruling, the *Chronicle*'s motto under the masthead was changed to "Making an Unsatisfactory Contribution to the Northwestern Community." Inside a recruiting ad reads, "'The first student group sanctioned in recorded ASG history.' How's that for a resumé booster?"

The *Chronicle* appealed the Senate restrictions and the Executive Committee's subsequent sanctions to the UHAS again. The May 30 meeting was almost anticlimactic. Representatives for the student government couldn't point to serious litter complaints from students or janitorial staff, which made it fairly obvious that litter wasn't the issue. The ASG representatives must have known what was coming, because they left before the board announced their decision. Tom Radcliffe, a third-year law student representing the *Chronicle*, won a decisive victory. Not only did the Appeals Board strike down the restrictions on distribution and the sanctions that followed, but any future complaints against the *Chronicle* would go directly to the board for review first.

"They said if any governmental body tries to restrict the distribution of the *Chronicle* in the future, before it can even be considered, the Appeals Board will look it over to see if it's too close to what they've already ruled on," Witteles says. "We were rather pleased with the outcome."

THE *CHRONICLE* SHOULD BE RATHER pleased with the entire affair. Before the Senate took action, 1995–96 had been a noncontroversial year, according to Witteles. Now the *Chronicle* is getting all the benefits of martyrdom, with virtually none of the painful consequences. Conservative college papers have two primary goals: spread the conservative gospel to the unwashed masses corrupted by leftists and liberals, and expose the left as evil, intolerant, and stupid. Mission accomplished on both counts. Readership has gone up dramatically, according to staff. And the student government's antics were covered by the campus media and beyond. The *Daily* covered the story closely for weeks. And the *Chicago Tribune* ran three stories on the controversy, including a front-page article. "Overall the media coverage has been very positive," Witteles says.

As an organization, the *Chronicle* staff is more united than ever. "Anytime you have an us-versus-them situation it's going to bring you closer together. With the new staff members especially, it was like David vs. Goliath, the little conservative paper against the entire student government," says the editor.

In the last couple of years, a number of leftists and liberals have argued that political correctness is a myth created by conservatives. They maintain that instances of actual censorship and ideological conformity are few and far between. Events like those at Northwestern show that it's not for a lack of trying. College campuses are dominated by would-be totalitarians who would love to stamp out dissenting opinions—they're just incompetent, at least at the student level.

But these events serve a useful purpose. They remind people that freedom of speech and freedom of expression are still threatened. And they remind people, and conservatives in particular, why protecting these rights is so important, which is always good.

For Witteles, he has fought his last battle in the campus culture wars. He's graduating and heading to medical school, confident that the *Chronicle* is safe for the near future. "I don't think they'll mess with us again," Witteles says.

But he can always hope. ®

Ed Carson (ELCarson@aol.com) is a staff reporter for REASON.

Free the Ferrets

By Michael Lynch

California's banal ban on an innocent pet

ARIZONA RESIDENT BRENT UTLEY ran head on into one of California's most bizarre laws on a sweltering day in June 1995. Utley was heading for summer school in California with his two pet ferrets in tow. He declared them at the Department of Food and Agriculture inspection station in Blythe, California, not realizing that his Arizona pets were contraband in California. The inspectors refused him entrance to the state as long as he had his furry friends.

Facing the unpalatable options of returning home to find a ferret sitter or trying to sneak through, he made an unsuccessful repeat run for the border. He was arrested, and the judge imposed a $500 fine and three years of probation.

"I told them I didn't have the money," Utley said, "so they said that I could go to jail for four days." Utley actually spent only one day behind bars, earning an early release for good behavior—and press coverage that embarrassed the county.

Described by enthusiasts as "cats without the attitude" and "kittens that never grow up," domestic ferrets, members of the weasel family, are furry bundles weighing one to five pounds. Although their cousin, the rare black-footed ferret, is native to America, the kind kept as pets originated in Europe. The consensus among experts everywhere but in California's Department of Fish and Game is that the cage-bound domestic ferret is a basically harmless pet. Elsewhere in the continental United States, having a ferret for a pet is no problem. But the California DFG says ferrets are a wild menace, and it bans ownership of them.

As ferrets have come into favor, the

ban has been causing hardship for otherwise law-abiding citizens. According to the DFG, in 1989 there were some 500,000 ferrets in California. Ferrets Anonymous, a clandestine group of ferret owners, claims a membership of 2,200 Californians. The California Domestic Ferret Association mails its newsletter to nearly 5,000 California households. As testimony to the pets' popularity, large California pet stores routinely carry ferret food, ferret cages, and ferret toys, despite the ban.

Largely because of the work of Ferrets Anonymous and the California Domestic Ferret Association, a three-year effort to overturn the DFG's ferret prohibition is on the verge of success. On May 16, the California Assembly passed by a margin of 60–7 a nonbinding resolution calling on the Fish and Game Commission to legalize the ferret. The only thing standing in the way of legalization is an Environmental Impact Report the DFG claims it must conduct under the California Environmental Quality Act before the commission can change the regulation. This seemingly routine step has ferret enthusiasts on edge because the DFG remains resolutely opposed to ferret legalization and has relied on faulty information in the past.

THE DFG'S MAIN PROFESSED CONCERN IS the possible threat that ferrets could pose to endangered species if they escape and establish feral populations. Ancillary excuses for the ban include ferrets' supposed ferocious attacks on infants, the possibility they could carry diseases, and the critters' supposed threat to the state's poultry industry. But the DFG has few facts to support its position.

The heart of the government's case against the ferret is in a 1988 report, "Pet European Ferrets: A Hazard to Public Health, Small Livestock and Wildlife," conducted at the request of the DFG by the California Department of Health Services. The report's tone is reminiscent of nothing so much as the cult classic film *Reefer Madness*, a piece of government propaganda that so exaggerated the threats of marijuana smoking that it single-handedly discredited government information on drugs for at least a generation.

Working itself into a rhetorical lather, the report claims that "ferrets sometimes unleash frenzied, rapid-fire bite and slash attacks on infants....The animals have then been reported to drink the victim's blood and eat the shredded tissue." The report stopped short of investigating whether ferrets were implicated in satanic cults. It did, however, spread some other falsehoods that have given politicians and bureaucrats justification for the ferret ban. The report claims that "feral ferrets abound in other states"—which is demonstrably false—and that ferrets "have contributed to the extinction of 20 species of endemic New Zealand birds," a fact that is as near and dear to the DFG's concerns about ferrets as it is wrong. The book the authors cite to support this claim, *Immigrant Killers*, by Carolyn King, states, "There is not a single known extinction or diminution [of native species] in New Zealand...due to any of the mustelids [ferrets, weasels and stoats]."

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The allegedly ferocious ferret seems a lot less scary when you compare them to dogs, something the report fails to do. According to data from the *Journal of Veterinary Medicine*, dogs are more than 200 times more likely to inflict a serious bite than ferrets.

IT'S HARD TO RAISE THE FERRET ISSUE WITHout eliciting a chuckle. But for ferret owners seeking legitimacy—and for the DFG, which seeks to protect the status quo—the issue is serious business. And it is often the pettiest bureaucratic tyrannies that do the most both to discredit the administrative state and to undermine the proper role of government in a free society.

Just ask Ilona T. Maggard, who also ran afoul of California's unique ferret law. On November 26, 1995, after she placed an ad in *The Fresno Bee*—"Found: Exotic Animal"—five law enforcement officers visited Maggard. They discovered that Maggard, in addition to having found an escaped ferret, owned two of her own. Although her ferrets surrendered uneventfully, the officers proceeded to ransack her home, opening sealed boxes, examining photo albums, and rummaging through her children's dressers.

Maggard was arrested and sentenced to two years of probation, during which DFG officials can search her house with neither prior announcement nor warrant. The judge forced Maggard to pay the DFG an Orwellian $500 "donation" on top of the $800 it supposedly cost the DFG to deprive her of her pets.

Although the DFG claims not to actively focus on ferret enforcement, one of the wardens in the Maggard case openly claimed that she had conducted an 11-month investigation for one ferret bust. If the Fish and Game Commission reclassifies ferrets, as expected, Maggard hopes to have her ferrets back home by the time she has paid her debt to society. ®

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Cyber Seducers?

By Julie DeFalco

The latest on-line outrage

IF YOU THOUGHT THE CROAKING BUDweiser frogs were a bad influence on children, and Joe the smoking camel was even worse, prepare yourself for... Tony the Tiger? In *cyberspace*, no less.

The World Wide Web has been an enormous boon for scaremongers, offering a continual array of frightening firsts that allegedly create unprecedented threats to our safety—and especially our *children's* safety. A report released this spring fingers yet another Internet threat: big, hairy spiders of advertising lurk on the World Wide Web, threatening all the Miss (and Master) Muffets out there. The report, from the Center for Media Education, accuses Internet sites sponsored by various manufacturers of kid-oriented products such as breakfast cereal and toys of being not just new places to advertise goods but "highly manipulative forms of advertising, often disguised as information or entertainment, [which] could intrude into every corner of the lives of children."

The CME is a Washington-based group "founded in 1991 to promote the democratic potential of the electronic media." Its report, titled "Web of Deception," is a petition to the Federal Trade Commission. Since the Internet is still in its development stage, the CME wants the FTC to take advantage of this "window of opportunity to develop safeguards to protect children."

The CME is offering "guiding principles for regulation" to ensure that "a complete ban on children's advertising in cyberspace is not necessary." But its alternative doesn't leave a lot of wiggle room for advertisers. Among other things, the CME suggests that "advertising should not be disguised as content" on companies' Web sites; no promotion or advertising should be allowed on children's content areas, or "play pages"; and there should be no links between these play pages and company pages, although "discrete underwriting should be allowed." No direct interaction between product spokescharacters (such as Kellogg's Tony the Tiger) and kids should be permitted, and marketers would not be permitted to tailor ads to—or "microtarget"—individual children.

Complaints about the dangers of advertising to children might seem familiar. The CME is the designated successor to Action for Children's Television, a group of crusaders experienced in decrying the evils of advertising. ACT was well known in the '70s and '80s for lobbying against ads for pretty much everything targeted at children, including children's vitamins and games of chance in specially marked packages of sugary cereal. But ACT's greatest glory was its near success in banning ads on children's television.

In 1978, the FTC proposed an ACT-promoted ban on children's ads because, the agency said, kids are "too young to understand the selling purpose" of ads during Saturday morning cartoons. ACT leader Peggy Charren was jubilant. "Never before has there been a better opportunity to help change a system that permits children to be manipulated for private gain," she said. Charren was glowingly portrayed as a David facing many Goliaths; a laudatory *Washington Post* article noted that she had come under "incredible buffeting by the broadcasting, sugar, and food lobbies."

Although the effort ultimately failed, ACT received some fabulous consolation prizes. Now broadcasters are not allowed to advertise toys during shows which feature those toys (like Mighty Morphin Power Rangers), and they must clearly separate commercials from the program (for example, by singing, "After these messages, we'll be right back").

A report released this spring fingers yet another Internet threat: big, hairy spiders of advertising lurk on the World Wide Web, threatening all the Miss (and Master) Muffets out there.

TODAY, THE TECHNOLOGY IS DIFFERENT, but the hype is the same: Advertisers are bewitching our children. Parents are helpless. Only government can save our children.

The most revealing thing about the new CME report is not what it contains but what it omits. It has plenty of lurid descriptions of "manipulative," "exploitative," and "seductive" advertising, but the report produces no evidence of damage. It merely asserts that "a number of marketing and advertising practices...are *potentially* harmful to children" (emphasis added).

Moreover, the report is vague on the details of just how these "new forms of manipulation and exploitation" are really new. The CME asserts that Internet advertising is unique, but this is only true in the sense that radio ads once differed from print ads, and color TV ads differed from those shown in black and white. Web sites are simply a new generation of advertising, and contrary to the CME's fears, they

are actually *less* intrusive than are television and print ads.

Some children's activity pages do have links to advertising sites, but they are labeled and easy to avoid. For example, one play page is sponsored by Microsoft. A bar at the top of the page says so. When you click on it, you go to Microsoft's children's page. If you don't like it, you click back to the original page. This exercise is only a problem if you are worried that Microsoft might "have activities designed to keep children engaged for extended periods of time," that is, that Microsoft might entertain your kids. At any rate, in many cases a child would have to type in the Web address of a particular company's Web site to even get to the "incessant hucksterism" that the CME laments.

Since the CME has no actual harm to point to in its report, it resorts to scare tactics that range from obvious to silly. Did you know that "children's on-line areas are quickly being populated by a growing number of animated characters and products. Their purpose is to develop relationships with children that will foster brand loyalty. They are hosting on-line sites and offering children endless opportunities to play with them"?

Shelley Pasnik, co-author of the report, elaborates. "If a child sees an ad on the Net for a product he wants," she says, "and he asks his mother for it, and she says 'no,' the company has driven a wedge between the parent and child. The parent now looks like the bad guy."

That's not a marketing problem; it's a parenting problem. No matter how hard federal regulators try, they will never stop children from begging for stuff they see on TV, at their friends' houses, and, of course, on the Internet.

Apply Pasnik's reasoning to children meeting Mickey Mouse at Disneyland, and playing with mascots at sporting events, and you begin to see what the CME's real concern is. The group appears to believe that advertising is all-powerful and that its "emphasis...on continuing to refine techniques for creating loyal, lifetime customers" is intrinsically bad.

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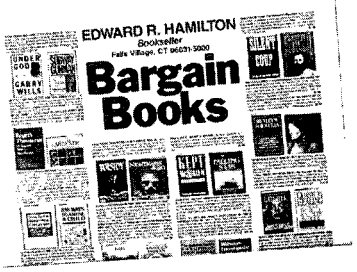

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ADVERTISING'S PURPOSES IN A MARKET economy are essential, and essentially benign: informing potential consumers of the existence and price of products, both new and old. Since children rarely control their own disposable income, the dangers of having their decisions manipulated by advertising are even less than for adults. And despite the psychology and communications research the CME uses to bolster its assertions, according to one advertising expert, the bulk of serious advertising and marketing literature demonstrates that as children age, they are increasingly skeptical about advertising. Very young children may indeed be susceptible to ads, but by the age of 7, the vast majority of children understand the purpose and techniques of advertising. Most teenagers are even more skeptical of advertising than are adults. "The same cognitive development that enables children to get around the Web also lets them recognize advertising when they see it," notes John Calfee, a former staff economist with the FTC, now a resident scholar at the American Enterprise Institute.

If anti-advertising hysteria isn't enough to make the FTC dance to the CME's tune, it has a backup alarm to sound: privacy. "A growing number of children's areas are now eliciting personal information," the report says. "Some use incentives [such as free gifts] in exchange for such personal data as e-mail address." The CME suggests a ban on companies collecting and selling this information.

The CME has gained some unlikely allies by playing the privacy card. The Electronic Privacy Information Center, for example, is directly involved with a lawsuit challenging the Communications Decency Act. It is also dedicated to increasing the availability of privacy programs on the Internet. Thus, while EPIC does not endorse the content restrictions the CME has proposed, EPIC Director Mark Rotenberg says, "We do support them on the privacy issue because we think there's a lot of evidence to support it."

Again, the Internet's novelty is creating phony distinctions and unwarranted fear of new threats. Companies are following an old tradition in soliciting names, addresses, and other consumer information on the Internet. For decades, children have sent in cereal box tops—and their addresses—to get magic decoder rings and other sundries.

Parents who do not approve of these practices still have the last word in what goes out online. Many on-line services, such as Prodigy, offer separate sign-on accounts so that parents can decide what sort of information each of their children has access to. Inexpensive software, such as NetNanny, which prevents children from releasing any personal information, is also widely available.

"If a child sees an ad on the Net for a product he wants, and he asks his mother for it, and she says 'no,' the parent now looks like the bad guy," says Shelley Pasnik, co-author of the study, "Web of Deception."

Although the CME is well aware such technologies exist—the report's appendix lists them—the report still insists that "the best hope for children is a regulatory framework." The CME is only skeptical of big business, not big government, which must, in their view, supplant the parent. It is not "reasonable to expect parents to effectively protect their children from these practices."

COMMERCIAL SPEECH HAS RECENTLY been both vindicated and attacked. The Supreme Court has recognized that the more information consumers have, the better; as Justice Clarence Thomas wrote in a recent decision, "all attempts to dissuade legal choices by citizens by keeping them ignorant are impermissible."

But others haven't heard the word. The Food and Drug Administration and Philip Morris have both proposed advertising restrictions on tobacco. Rep. Joe Kennedy (D-Mass.), the grandson of a bootlegger, recently introduced legislation to limit alcohol advertising. Given the precedent set by the Communications Decency Act, regulation of the Internet in the name of children could be politically plausible. "The FTC can regulate almost any advertising media," says Calfee. "And they are very actively looking at the Internet."

So far, the FTC's official position is ambivalent. "This is a new area that developed a lot faster than we thought. CME's report flags and raises issues to think about," says an FTC official. The FTC is primarily concerned with "the question of how traditional consumer protection applies on the Internet." He raised concerns that sexual predators might "hack" in and obtain personal information about children under the guise of collecting marketing data. Also, "there's a longstanding public policy concern about the commercialization of children," he says. "The question right now is what combination of self-regulation [by the industry] and government regulation would be best." He does admit that "ultimately, it is the parent's job" to monitor what their children do on the Internet.

Significantly, the veracity of the information on the Web sites has not been an issue. It is advertising per se, not fraud, that the CME wants to protect children from. But they might end up protecting them from Web sites in general. "Advertising supports the Web," notes John Phillip Jones, professor of advertising at Syracuse University. "We just won't have it without ads."

If the CME succeeds in forcing companies to dull down or eliminate their advertising, we would probably have to say goodbye to most of the ad-funded Web sites for children—and if the anti-advertising principle spreads in Internet regulation, possibly for adults, too. That would leave mostly government-funded sites. Talk about manipulation. ®

Julie DeFalco (defalco@cei.org) is a policy analyst with the Competitive Enterprise Institute in Washington, D.C.

The Militias Are Coming

By David B. Kopel

Gathering Storm: America's Militia Threat, by Morris Dees with James Corcoran, New York: HarperCollins, 254 pages, $24.00

A Force upon the Plain: The American Militia Movement and the Politics of Hate, by Kenneth S. Stern, New York: Simon & Schuster, 303 pages, $24.00

CHIP BOK

ADAM PARFREY, AUTHOR OF AN October 1994 story about the militia movement in *The Village Voice*, became an instant militia "expert" after the April 1995 bombing in Oklahoma City. Major news organizations contacted him, seeking a quote linking the militias to the bombing. When he suggested there was no connection, reporters quickly lost interest. The mainstream media's combination of certitude and ignorance was summed up by a statement from a *Washington Post* researcher who talked to Parfrey: "The militias—whoever the fuck they are—are a ticking time bomb composed of paranoid lunatics."

Many Americans, including many journalists who have written about militias, have never met an actual militia member, just as most militia members have never met an actual international banker. In a condition of ignorance, it is possible for militia members to believe dark tales of an international banking conspiracy that would be laughable to a person who knew international bankers from meeting them at Manhattan cocktail parties. Conversely, well-educated Americans who know all about international banking, but nothing about living on a farm in Idaho, may fall for stupendous exaggerations about evil militia conspiracies. Much of what Americans "know" about militias is based on uncritical media repetition of statements from activists who demonstrate that the militia movement does not have a monopoly on paranoia and misinformation.

This problem is illustrated by a pair of books published shortly before the first anniversary of the Oklahoma City bombing: *Gathering Storm: America's Militia Threat*, by Morris Dees of the Southern Poverty Law Center, and *A Force upon the Plain: The American Militia Movement and the Politics of Hate*, by Kenneth Stern of the American Jewish Committee. "The very future of the United States is at risk, because of treason in our midst," warns a militiaman quoted by Dees. The quote captures the apocalyptic exaggeration of some militia leaders, but Dees himself is hardly less alarmist. He opens his book with a paraphrase of the Gettysburg Address, observing that "we are engaged in a great civil war" and wondering "whether [our] nation...can long endure." Dees continues: "Unless checked," the militia movement "could lead to widespread devastation or ruin."

The mastermind of the militia movement, according to Dees, is Ku Klux Klan leader Louis Beam, Professor Moriarty to Dees's Sherlock Holmes. After the federal assault on Idaho separatist Randy Weaver and his family in 1992, Dees claims, Beam and a few other racists used the fear created by the incident to build the militia movement. (Beam and Dees are not the central characters of Stern's book, but Stern does write that "[t]he most significant precursor of the militias was the Ku Klux Klan.") Although even Dees's statistics show that most militias are not run by racists, he considers non-racist militia members dupes of Beam et al.

Unlike the Southern Poverty Law Center, I do not have "dossiers" on thousands of suspected militia members and "militia sympathizers." Nor do I have a staff of 10 people devoted to collecting information on militias, or infiltrators placed in the militia movement. So there is a great deal of material in Dees's book, and Stern's as well, that I cannot authoritatively refute. Neither book has footnotes, which makes verification of the claims all the more difficult. Still, some of the charges are clearly false, while others consist of speculation or facts presented out of context.

"Conspiracy reeks throughout this bloody murder," announced racist preacher Pete Peters after the deaths of Randy Weaver's son and wife at Ruby Ridge, Idaho. Dees and Stern believe the same about Oklahoma City. At an Estes Park, Colorado, meeting following the Weaver incident, Dees reports, "Plans were laid for a citizens' militia movement like none this country has known. It's a movement that has already led to the most destructive act of terrorism in our nation's history." Similar claims pervade the direct-mail fundraising campaign run by Dees's organization. "Patriot Underground Strikes in '95" is the headline for a special year-end report from the Southern Poverty Law Center; right below the headline are pictures of the Arizona train derailment and the Alfred P. Murrah Building in Oklahoma City. There is no suspect in the Arizona train derailment, let alone a "patriot" movement suspect. Nor has anyone in the patriot movement been implicated in the Oklahoma City bombing. For that matter,

there is no sinister patriot "underground." The patriot movement—made up of nativist grassroots citizens groups that are highly suspicious of federal power and international finance—has public meetings, advertises in newspapers, and communicates through newspapers and talk radio —not exactly the tools of an underground.

YET DEES AND STERN BUILD THEIR BOOKS around the claim that the militia/patriot movements are unindicted co-conspirators in the Oklahoma City murders. The link between accused bomber Timothy McVeigh and the militia movement is based mainly on two pieces of information: First, he and his friend Terry Nichols attended two Militia of Michigan meetings—which, significantly, they were told to leave because they were advocating violence. Second, allegedly Mark Koernke, a short-wave radio personality who runs a mail-order business that sells militia gear, was seen with someone who looks like McVeigh. In addition, a Michigan talk show host supposedly said (he denies it) that the host's Rolodex listed McVeigh as a contact for Koernke. This evidence does not come remotely close to showing that militia members encouraged McVeigh to do anything illegal, let alone to perpetrate one of the most vicious mass murders in history.

Dees and Stern also cite circumstantial evidence. Dees says McVeigh photocopied unspecified "paramilitary publications" at a copy center in Arizona. "He would not have needed extra copies," Dees suggests, "unless, maybe, he was supplying them to his confederates." Or unless, maybe, he was selling or giving away the material from his booth at gun shows, where he was known to distribute literature. Another key piece of "evidence" emphasized by Dees and Stern is that, after being arrested, McVeigh would supply no information except his name. This conduct, the authors note, is consistent with what Militia of Michigan members are told to do should they be captured. True enough, but the authors overlook the fact that instructions to supply only name, rank, and serial number are given to members of the U.S. Army, in which McVeigh served. The Army also taught McVeigh how to make and use explosives, and put him through a course of psychological conditioning designed to destroy the normal reluctance to kill another human being. Yet Stern and Dees, convinced that McVeigh's act was caused by militia ideology, do not pause to consider whether government training may have played a role.

The authors ominously note that McVeigh read gun magazines, especially *Soldier of Fortune*, but omit the fact that *Soldier of Fortune*, while sharply critical of government conduct at Ruby Ridge and Waco, has published articles debunking militia leaders' reports of foreign troops in the United States and other claims that would tend to create an atmosphere of crisis. McVeigh's main ideological source wasn't a gun magazine or any other form of militia literature. McVeigh fell in love with *The Turner Diaries*, a fictional, white-racist, anti-Semitic account of a race war in which the FBI building is destroyed with a fertilizer bomb. Well before the militia movement even existed, McVeigh was captivated with the book, urging his friends to read it and selling it at a discount.

No evidence comes remotely close to showing that militia members encouraged Timothy McVeigh to do anything illegal, let alone to perpetrate one of the most vicious mass murders in history.

In another attempt to link the militia movement to McVeigh, Stern borrows a funnel metaphor from Ken Toole, a leader of the anti-militia movement in the Northwest: At the mouth are people concerned about tax and regulatory issues; deeper, in the narrower part of the funnel, are the conspiracy theorists; at the far end, out pops Timothy McVeigh. The metaphor is emotionally powerful, but logically it amounts to guilt by association, no more valid than a funnel with clean-water advocates at the mouth, radical environmentalists in the middle, and the Unabomber popping out the end.

Stern offers a quote attributed to Samuel Sherwood of the U.S. Militia Association as further evidence of the movement's criminal tendencies: "Go up and look legislators in the face, because someday you may be forced to blow it off." The quote is a favorite of anti-militia activists and their supporters in the media. But as Mack Tanner revealed in REASON ("Extreme Prejudice," July 1995), the quote is a fabrication. It was misreported by a local journalist and repeated by *Wall Street Journal* columnist Al Hunt, thereby becoming part of official Washington's false consciousness. "In the closing minutes of the meeting," Tanner wrote, "Sherwood made an impassioned plea for using political action rather than violence in correcting the wrongs that the members of the United States Militia Association see in government. He suggested that if his listeners wanted to grab a gun to shoot their legislators, they should first go look them in the face and recognize that legislators are also American citizens who are fathers, mothers, husbands, and wives. The audience not only understood that he was arguing against violence, they applauded his remarks. Unlike *Journal* columnist Hunt, I was actually at the meeting."

AS THE BOOKS BUILD TO THEIR CLIMAXES, they warn that more militia violence is coming, though the evidence that there has already been a wave of militia violence is tenuous. The centerpiece of the theory is the unsupported "link" between militias and the Oklahoma City bombing. Several other crimes by militia members are detailed, supplemented by the elastic category of crimes by "militia sympathizers." But even if we counted all alleged "militia sympathizers" as actual militia

members, the Southern Poverty Law Center's data show that militia members perpetrate violent crimes at a per capita rate far below that of the U.S. population as a whole. Certainly there are criminals who belong to militias, as there are criminals who belong to police departments and to Congress. But the presence of a few criminals within a large class of law-abiding citizens is hardly grounds for a "crackdown."

The prediction of militia terrorism grows out of speculation about the psychology of militia members. "After a while," Dees writes, "angry loners are likely to grow bored roaming around the woods and shooting at paper targets. ...Predicting when and where militia terrorists will strike next is no easier than guessing when and where the next whirlwind of dust will form. Unfortunately, all that seems certain is that the devils will strike again." Stern warns, "Whenever an ideology justifies baby-killing—even at the fringes of the fringes—that is an especially strong danger signal." Maybe so, but Stern never identifies a militia ideologue—even on the fringes of the fringes—who defends baby killing.

Dees is more careful than Stern to emphasize that most militia members are not racists, but his book still includes some broad smears. The first page of the photo section in the center of the book shows the homicidal leader of the racist Christian Identity religion and the founder of the Order, a neo-Nazi group. The heading is "Martyrs of the Modern Militia Movement." Stern occasionally acknowledges that not all militia members are neo-Nazis, but his stock phrases, such as "the hate of militias," leave the opposite impression.

STERN TARS NOT ONLY THE MILITIA AND patriot movements, but all critics of big government. After the 1994 elections, he found that "the vitriolic antifederal sentiments of some of these newly elected officials" differed "in detail but not in flavor" from the ideas of racist gangs. Like other critics of the militias, Stern uses charges of anti-Semitism and racism to vilify opponents and delegitimize political stands he does not like, much as the epithet "Communist sympathizer" was used to attack advocates of civil rights legislation in the 1950s and '60s.

"[W]henever Americans have talked of 'states' rights' or 'county supremacy,' that is a cover for bigotry," Stern insists. It's true that the cause of states' rights has sometimes been used as cover for bigotry, as in the defense of Southern white supremacist policies in the 1950s. But to argue that all proponents of states' rights are racist is patently absurd. The 10th Amendment, ratified by both houses of Congress and by three-quarters of state legislatures, guarantees states' rights. Were all of its supporters motivated by bigotry? Were all the Supreme Court justices who vindi-

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cated the 10th Amendment in *New York v. United States*, holding that states cannot be ordered to enter into nuclear waste storage agreements, likewise bigots? Is Dennis Hennigan—the Handgun Control, Inc. attorney who argues that the Second Amendment guarantees a "state's right" to have a militia, and whom Stern quotes liberally—a racist too?

In the militia movement, Dees observes, "rhetoric is routinely used to demonize an opponent, legitimize insensitive stereotypes, and promote prejudice." Stern notes that Linda Thompson's misleading documentary about Waco offers "a model of conspiratorial 'logic' designed to grab audiences who, if they accepted the premises and did not question the sleight-of-hand, easily could [be] convinced." Together, the two descriptions nicely sum up the weaknesses of these books. ®

David B. Kopel (74157.632@compuserve.com) is research director of the Independence Institute in Golden, Colorado. From 1984–1995 he was a monthly donor to the Southern Poverty Law Center.

Pound Foolish

By Susan Lee

The Return of Thrift: How the Coming Collapse of the Middle-Class Welfare State Will Reawaken Values in America, by Phillip Longman, New York: Free Press, 229 pages, $25.00

LET ME SAY IT STRAIGHT OUT: THIS is a book at war with itself. Phillip Longman manages to argue that an overactive government is both the cause of and the solution to the financial mess we are fast approaching. Unfortunately, his solution is so bad that, in the end, it overpowers his good exposition of other matters.

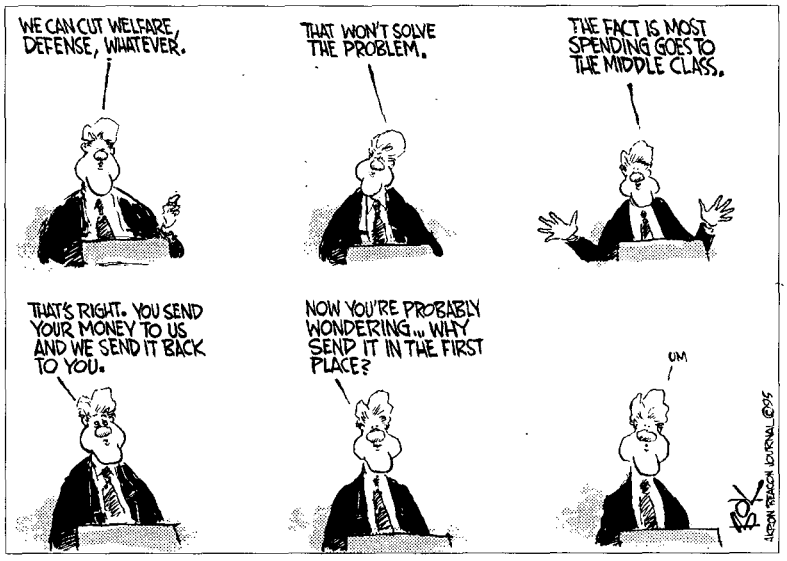
Most of *The Return of Thrift: How the Coming Collapse of the Middle-Class Welfare State Will Reawaken Values in America* is descriptive. Longman, a prize-winning journalist who has written on Social Security, runs through the history of how the age of entitlement was born, what specific government programs Americans have become "addicted" to, and the nature of the coming financial crunch, when claims on government revenues will far exceed its call on resources.

Although this territory is familiar to anyone who has even the faintest understanding of domestic economic policy during the past 40 years, Longman's discussion works to remind us of how far we've traveled down the path to a middle-class welfare state. During the Great Depression and even up to the 1960s, he notes, Americans considered it humiliating to receive help from the government. But today, Longman points out, over 50 percent of all U.S. households contain at least one person who receives a direct entitlement benefit from the government: veterans or Social Security pensions, unemployment compensation, or disability payments. These benefits add up to $750 billion, or more than half of the total federal budget. At any given time, 30 percent of the U.S. population is eating up indirect benefits—those expressly designed to subsidize an anointed group such as homeowners, farmers, or senior citizens —that the government delivers through loopholes in the tax code.

Worse, these benefits, which are often characterized as aid to underprivileged or needy citizens, are mostly enjoyed by the middle class. Of the trillion-plus dollars the United States spends each year on direct and indirect entitlements, only a tiny fraction actually goes to poor people.

Such information is, of course, not exactly news. Nor is it news that this situation cannot continue without impoverishing today's workers, who are subsidizing the consumption of today's retirees, rich and poor alike, through Social Security, Medicare, and even to some extent the underfunded private pension system. This overwhelming burden—the product of early retirement, advancing life expectancy, and fabulously generous benefits—has never been so onerous. Indeed, today's workers are caught in a no-win situation. Not only will they be unable to pass "go" and collect their own largess, they will either have to save privately to make up for zeroed-out government benefits or have to pay higher and higher taxes to keep the programs going.

Longman offers separate chapters on the development of some of these entitlement programs. The list includes Social Security, Medicare, housing subsidies created by the mortgage-


WE CAN CUT WELFARE, DEFENSE, WHATEVER.
THAT WON'T SOLVE THE PROBLEM.
THE FACT IS MOST SPENDING GOES TO THE MIDDLE CLASS.
THAT'S RIGHT. YOU SEND YOUR MONEY TO US AND WE SEND IT BACK TO YOU.
NOW YOU'RE PROBABLY WONDERING... WHY SEND IT IN THE FIRST PLACE?
UM

CHIP BOK

interest deduction, pensions for civil service and military employees, and the underfunded private pension system. The last is relevant because some of the nation's largest corporate pension plans receive government subsidies. These plans, called "defined benefit" plans because the benefits are fixed, get federal tax subsidies and free federal insurance.

It all adds up to a dreary story. But after telling it, Longman holds out some hope that the eventual collapse of the middle-class welfare state will trigger a cultural revolution in which the bourgeois values of thrift, work, and limited government will reassert themselves.

UP TO THAT POINT, IT ALL SOUNDS SENsible. But then Longman offers an answer that is utterly incongruous with his discussion. He proposes, of all things, that the government step in to run a complicated system of reduced entitlement benefits, and compulsory savings. Simply put, Longman's return to thrift involves more government programs.

The return to governmental thrift would be administered under what Longman calls a "global means test," which would take back entitlements according to a progressive formula. For every $10,000 in income above $40,000, families would surrender 10 percent of the direct and indirect benefits that cause their income to exceed $40,000. In an apparent attempt at consistency, Longman suggests that the bookkeeping nightmare this would surely become should be administered through that nightmare agency, the Internal Revenue Service.

Simply put, Longman's return to thrift involves more government programs.

As for boosting savings, Longman argues, "If we can mandate an increase in the minimum wage, we can mandate an increase in the savings rate as well, and we should." This would be achieved with a federal law that required individuals to save a set amount toward retirement, with richer people compelled to save more of their income than poorer ones. (Again, the IRS would function as chief enforcer.)

The cognitive dissonance between Longman's description of the coming crisis and the solution to it will leave the reader gasping. The basic problem with our economic life is not that we have too little government interference but that a hyperactive government has taken away our freedom to make decisions, has insulated us from the risk-taking—with its consequences—that these decisions necessarily involve, and hammers the successful members of society through redistributionist tax schemes.

After all, the bourgeois values that

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Longman yearns to see re-enshrined worked, in part, because the rewards of hard work and successful risk-taking were not confiscated by the government. It seems simple-minded to point out that the rise of the bourgeoisie and free markets were concomitant. Yet this point seems to have escaped Longman altogether.

Overreaching government has produced bushels of economic policies that create perverse incentives. For instance, being allowed to keep and accumulate the fruits of one's labor constitutes a strong incentive to save. Yet U.S. tax law ignores this point, and saving, relative to consumption, is taxed heavily.

First business and personal income is taxed when it is earned; then the return from savings ("unearned income") is taxed. The state has even managed to combine death and taxes in the form of estate taxes. It's nuts—and Longman's idea of remedying low savings rates (themselves partly the product of government regulations) with compulsory schemes is simply ridiculous.

It would be much easier and more efficient to remove the tax burden from saving, thereby creating incentives for people to save. For example, taxes on dividends, capital gains, and estates—all of which have been taxed at least once already—could simply be abolished.

Ditto for middle-class entitlement programs. Consider the generous benefits (and third-party payment system) for medical care and health insurance. Because the patient is paying only a fraction of the true cost, the result of such a system is, quite naturally, the overuse of medical services and huge bills. Instead of Longman's complicated give-back through a graduated, global means test, why not just means-test such entitlements so only the poor can access them? If you don't pass the test for meager means, then you don't get the benefits. After all, as Longman himself argues for pages and pages, many of the benefits from government programs are not earned.

The real shame of *The Return of Thrift* is not so much the opportunity missed in advancing solutions that would actually be helpful, instead of harmful, but that an otherwise intelligent person like Longman could produce such babble. ®

Susan Lee is the author of Hands Off: Why the Government is a Menace to Economic Health *(Simon & Schuster).*

Its Own Reward

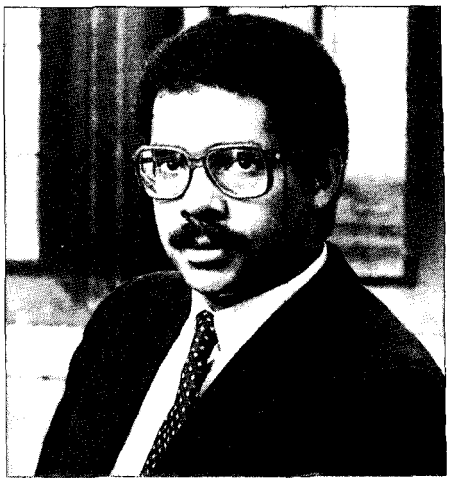
By Loren E. Lomasky

Integrity, by Stephen L. Carter, New York: Basic Books, 277 pages, $24.00

MANY YEARS AGO, AS AN ASPIRING member of a paramilitary organization, I solemnly pledged that I would be trustworthy, loyal, helpful, friendly, courteous....There were, I believe, 12 items on the list of virtues, but their variety made almost no impression. I understood myself simply to be promising to be a Good Boy.

Was Stephen Carter also a Boy Scout? I don't know, but he does offer a Swiss-Army-Knife, one-implement-does-it-all account of integrity. It is defined as "1) *discerning* what is right and what is wrong; 2) *acting on* what you have discerned, even at personal cost; and 3) *saying* openly that you are acting on your understanding of right from wrong." Knowing, doing, acknowledging: What more can you ask from a moral agent? Nothing appears to be missing. On this expansive conception integrity is not merely an important virtue or even the central one; it is the entirety of morality.

An advantage of this approach is that it renders virtually the whole range of behavior fair game for the author of a book titled *Integrity*. And if the author is as thoughtful, candid, and undogmatic as Carter, the result is a wide-ranging and stimulating tour of contemporary mores. Politicians, journalists, win-at-all-costs sports stars, and ordinary Americans who take their pleasures too seriously and marital vows not seriously enough are placed under the moral microscope and their various warts and blemishes diagnosed. Most of the critiques are sensible and some noteworthy for their insight; I shall presently return to the particulars of his indictments. But despite their considerable merits, one crucial ingredient is missing from the book: an appreciation of what is truly distinctive about integrity.



Stephen L. Carter: The virtue central to his discussion isn't really integrity at all but rather moderation.

As etymology reveals, integrity is about integration. It is, thus, a meta-virtue. Integrity is not just another entry on a laundry list of traits people ought to have but rather serves as the glue that binds together the various facets of a person's character. That immediately prompts a question: Why should we suppose that any such glue is required; why isn't it enough that individuals possess a full measure of the excellences that are components of living well? Maybe "integrity" is just shorthand for all-around goodness. This brings us back to the comprehensive understanding that Carter offers.

Although I shall criticize that account, I hasten to acknowledge that Carter is in distinguished company. Until comparatively recently integrity was an inconspicuous, even redundant moral quality.

The Hebrews had no need for it; theirs was a zeal for righteousness understood simply as fidelity to God's Torah. Nor did the Greek moralists include it in any listings of the cardinal virtues. None saw the need for such a moral binding agent. (*Phronesis*, "practical wisdom," was the nearest approximation.)

Socrates was notorious for maintaining paradoxically that all the virtues were at bottom one, indeed nothing other than knowledge. That appraisal was not generally accepted. Aristotle, for example, held that human excellences were irreducibly diverse: Courage is not the same as moderation which is not the same as justice, magnanimity, or friendship. Someone, therefore, could stand well along one of these dimensions yet in other respects be deficient. Nonetheless, optimal character integration posed no significant theoretical problem. The best way for someone to be is to excel with regard to all these traits. Complete virtue is the equivalent of a student scoring straight *A*s. No doubt there will be few people with a perfect 4.0 moral average, but those who score lower do so because they fall short in one or more particular courses, not because there is some difficulty in principle about combining them.

But what if two classes are offered at the same time? Then enrollment in one necessarily entails absence from the other. The analogy raises disquieting questions. Suppose that excelling in one area of human accomplishment entails forgoing achievement somewhere else. Then the ideal of full human flourishing becomes unattainable. To secure one kind of personal good necessarily involves sacrificing another. And this will be a genuine sacrifice because what one gives up is an attribute that in some significant way makes life go better. Virtues on this conception do not merely displace vices; they also shut out other virtues.

The disturbing thought that not all good things can be tied together in a neat package first pricked the Western moral consciousness in the wake of initial encounters between Hebraism and Hellenism. The philosophical tradition had identified a range of human excellences; so too had revealed religion. The dilemma was that their rosters looked to be thoroughly incompatible. What does the warrior's courage or the man of affairs' magnanimity have to do with humility and chastity? What, indeed, does Athens have to do with Jerusalem? "Nothing!" proclaimed both committed pagan skeptics and devout Church fathers. But to many observers this unwillingness to compromise bespoke lamentable fanaticism. As they saw it, both Athens and Jerusalem were attractive, too much so for either comfortably to be surrendered. Angling for a spot in the Hereafter was, they reckoned, consistent with enjoying the sweet fruits of the Here and Now.

This compatibilist appraisal was authoritatively endorsed by the great synthesizer, Thomas Aquinas, who announced, "Grace does not abolish Nature but perfects it." Our dual nature as creatures molded from the dust of the earth but also elevated to a rank little lower than the angels means that fulfillment of our God-given end involves complementing the supernatural virtues of faith, hope, and love with the natural virtues identified by the Greek philosophers. One need not, therefore, resign oneself to abandoning either heaven or the world. A man can aspire to be both a philosopher and a saint—as was accomplished by Thomas himself.

But if the compatibility-of-the-virtues thesis smoothly survived its encounter with Christendom, modernity posed it more severe challenges. This crisis has been brilliantly documented by Sir Isaiah Berlin, who identifies Machiavelli as the pivotal figure in our changing conception of the good life. One can, instructed the Florentine secretary, reasonably aspire to live as a pious Christian with his gaze fixed firmly on heaven or as a worldly wise member of the *polis* with his eyes glued to the main chance, but one who attempts to do both will render himself cross-eyed and stumble badly. Princes make bad priests, and vice versa.

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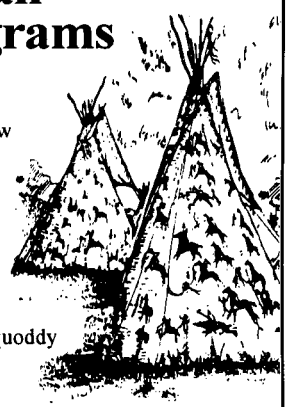

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while but incompatible ways of life. Moreover, there exists no unambiguous standard for comparing and weighing them one against another. That is because many goods are *incommensurable*. Climbing sheer rock faces demands the most of a person; so too does proving complex mathematical theorems. An ability to do either constitutes an excellence. But how do they compare? Perhaps not at all. Rock climbing may not be better than theorem proving, nor inferior, nor are they equally valuable. Rather, they may be strictly incommensurable.

THIS UNDERSTANDING OF VALUE INCOMmensurability should not be taken as implying that choice among different modes of life is either nonexistent or arbitrary. Rather, how one orients oneself toward a realm of diverse and incompatible values will reflect more or less intelligence and will be crucial to one's success or failure as an active being. For the moderns as well as for the ancients, then, deciding at a fundamental level how to live is as momentous as anything we might do. The difference is that for the heirs of Machiavelli there exists no universal algorithm to guide choice.

Value incommensurability is, therefore, not looked on with much favor by those with algorithms to peddle. Religious zealots and political ideologues are entirely, unreservedly convinced that they know what is best for themselves because they know what is best for everyone. Pluralism is their enemy.

It is, though, the foundation stone of liberalism. Liberals reject the credentials of the tutelary state (or church, or guru) because they deny that there is one set of lessons which, if dutifully studied, is adequate for instructing all people in the requisites of the good life. Through deliberate choice or happenstance or some combination thereof we find ourselves situated in different precincts of the universe of value. As agents we are individuated one from another in virtue of the projects and attachments that define our personas. Plurality means that there is an indefinite number of good lives—and also mediocre or monstrous ones—we might achieve, but one's ultimate success or failure is a function of the nature of the particular package one puts together through one's own personal commitments.

Integrity is, therefore, the quintessential virtue of modernity and of modernity's most important contribution to living well together, liberalism. Because not all excellences combine, an integral person is someone who has constructed for herself a package that is internally coherent, that adequately expresses the nature of the person that on the deepest level she most wants to be, and who has sufficient discipline to overcome temptations to squander her moral birthright for random bowls of pottage. Integrity renders a person more than just a variegated set of whims and wants, more than the economist's utility function ranging over ordered preferences; it is that which renders a person most fully...a person.

Integrity is the quintessential virtue of modernity and of modernity's most important contribution to living well together, liberalism. An integral person is someone who has constructed for herself a package that is internally coherent, that expresses the nature of the person that on the deepest level she most wants to be.

Moreover, integrity is not redundant, not just a shorthand way of categorizing someone who leads an all-around morally decent life. That is so for two reasons. First, what constitutes moral decency is not precisely the same for all people but rather depends on the specific commitments that an individual has undertaken. And second, integrity deficits are not primarily a matter of falling short with regard to duties to others. They are first and foremost a blot on the agent himself, literally a (partial) disintegration of the self.

Although integrity is not reducible to one or more other estimable traits, the logic of integrity does link it to other virtues. For example, someone who lacks honesty manifests a dissociation between private and public affirmations concerning the way things are and is thereby deficient in integrity. Similar implications apply to disloyalty, self-deception, and overweening pride. The imprudent, live-for-the-moment individual will almost certainly find it difficult to integrate current behavior with aspirations for the future. A slothful or lethargic person will evince a gap between the ostensible intensity of his goals and the vigor with which he pursues them. And so on.

The relationship between justice and integrity is, however, more problematic. On the one hand, we are loath to apply an honorific term to someone who is cavalier concerning the rights of others. On the other hand, newspapers and history books afford ample testimony to the existence of individuals with sharply defined characters molded by a passionate and single-minded commitment to despoiling others. Some Nazis were pusillanimous opportunists, but others constructed a comprehensive *zeitgeist* for which they were willing both to kill and to die.

It seems to me that if we decline to affix the term *integrity* to thieves and ethnic cleansers because we recoil from the deeds they perform, we will then have to coin another term restricted to people whose projects are coherent, avidly pursued, tightly ordered, but bad. For the same reason it is misplaced scrupulosity to deny that some villains are brave or resourceful. Those who reject the suggestion that particular virtues can coexist with great vices probably do so because they are wedded to the traditional model of all goods neatly fitting together in one comprehensive package.

Carter is such a traditionalist, and so after some perfunctory wrestling with the proposition that cold-blooded killers

might nonetheless possess integrity, he rejects it. As noted previously, his construal of integrity embraces all facets of moral reflection, behavior, and utterance. That affords him maximal scope for critical commentary, but it forecloses opportunities to identify what is distinctive about integrity, how it is the virtue uniquely responsive to the conundrums of pluralism. Although nearly all the issues scrutinized in *Integrity* are contemporary, the treatment is thoroughly old-fashioned.

THAT DOES NOT MEAN THAT THE BOOK lacks utility, but it lies elsewhere than in coming to grips with the essence of integrity. Indeed, the virtue central to Carter's discussion isn't really integrity at all but rather moderation. He takes pains to stake out positions intermediate between camps of rival enthusiasts. He will not classify himself as a conservative, but neither does he admit to being a liberal; he rejects the extreme positions of both abortion supporters and opponents; he perceives a case for countenancing prayer in the schools and a case against it; he declines to embrace the platform of the Christian Coalition but he has little truck with the cultured despisers of traditional religion; divorce, he argues, is occasionally justified but mostly not; the state is too much with us but the rollback advocated by the troops of the Gingrich revolution is too radical. A more revealing title for the book would be *The Aristotelian Golden Mean Made Easy*—except that for Carter it is neither easy nor difficult but somewhere in between.

Extremism in the defense of liberty may be no vice, but lots of other extremisms are. Carter is at his best when diagnosing the febrile enthusiasms of our overheated polity and in striving to reduce the decibels of a cranked-up public rhetoric that casts all disagreement as willful ignorance and all opposition as enmity. He is a sensible counselor, a persuasive preacher. And that is something.

It is, though, not everything. Carter's sincerity occasionally borders on the simplistic. For example, he excoriates the press for pandering to the public's fascination with every sordid detail of the O. J. Simpson legal fest. Good journalism is "telling the people what the people *should* know," (emphasis Carter's) not feeding them what will generate most money for the broadcasters. The implied opposition is, however, specious. From the first sighting of the white Bronco to Judge Ito's last hurrah, media outlets running the gamut from *The McLaughlin Group* to *Mike & Maty*, from *The New York Times* to *Modern Maturity* to REASON, poured out gigabytes of features addressing subjects other than the identity of the wearer of the bloody glove. There was plenty of other news for those who wanted it.

Despite that proliferation of easily accessed alternatives, Carter opposes in the name of integrity journalistic provision of all the Simpsoniana the public might wish

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to swallow. At best this is one-sided. Why should we not instead judge that journalistic integrity favors responding to the informational demands of the citizenry rather than imposing on it one's own predilections? Isn't an insistence on second-guessing people's own uncoerced choices of what to read/listen to/view a matter of impugning *their* integrity? That journalists scramble to satisfy the tastes of their customers means that the American public is fed copious helpings of fluff and smoke, but it also means that what we come to know is up to us rather than a self-anointed elite of media mandarins. All and all, I think we do better to put up with the smoke—though, of course, not to inhale.

Carter's critique of the salary caps that several major sports leagues have imposed on their franchises is also curiously obtuse: "One thing integrity forces us to say of a salary cap is that it represents a view that markets should not be free." Although this support for free markets puts Carter on the side of the angels, it misconstrues the nature of the business the Angels—and the Yankees, the Brewers, and the Orioles—are in. They do indeed compete vigorously on the playing field, but they are not business adversaries in any straightforward sense. Rather, their bottom-line rivals are the National Basketball Association, video rental stores, amusement parks, and other competitors for the entertainment dollar. Salary caps may or may not be a good thing—for owners, for players, for fans—but to suppose that this can be determined by invoking integrity is the sort of practice that gives moralizing a bad name.

ONE FINAL CASE STUDY IN INTEGRITY: During the summer of 1976 Ronald Reagan was waging an uphill fight to wrest the Republican Party nomination away from President Gerald Ford. He hit on the tactic of pre-selecting Sen. Richard Schweiker, a left-leaning Republican, as his running mate. The ploy ultimately fizzled. Not only did Reagan fail to secure the nomination but, according to Carter, he also jeopardized his integrity.

This discussion is one of the most intriguing sections of the book, though perhaps for reasons other than those Carter intends. Schweiker surely was not Reagan's favorite Republican (and vice versa!), yet they decided they could do business. Questionable integrity? I don't think so. Rather, the episode spotlights a crucial fact about the relationship between integrity and compromise, one to which in other places (e.g., his instructive discussion of Lincoln and slavery) Carter is more attentive.

It is a fundamental error to suppose that individuals of integrity will not be willing to compromise on matters of significant value. Precisely because not all goods hang together, one irreplaceable aspect of integrity is a practiced facility for trading off more dispensable values for those that are less dispensable. Sometimes those trade-offs are truly wrenching. But dangling a vice presidency before someone of a different ideological bent doesn't seem to be among them. Even if one demurs from the judgment of a former occupant of the office that it is "not worth a bucket of warm spit," taking an inflexible stand on the ideological purity of one's running mate runs counter to the preponderance of American political practice and bespeaks fanaticism, not integrity.

Students of integrity can learn something from the Schweiker episode, but they can learn much more by attending to Reagan's career as a whole. Love him or hate him, there is no denying the magnitude of Reagan's success at navigating the treacherous waters of American politics. His critics were perpetually confounded by his survival skills. Reagan was no intellectual, he was impervious to subtleties, his anecdotes were cliché-ridden, his naps frequent, and his work ethic questionable. Nonetheless, he not only persevered but more often than not prevailed. What accounted for this record of achievement? "Blind luck!" groused the critics. That diagnosis may go a long way toward explaining why he so regularly steamrollered them.

What they left out was Reagan's integrity. Even as he zigged and zagged across the political playing field like a latter-day Gipper, Reagan displayed the countenance of a man who possesses a stable center. He spoke his mind in tropes ridiculed by the pundits as unfashionable, undiplomatic, and simplistic ("evil empire"), yet got away with it. Unlike his successors in the presidency, he gave an impression of standing for something beyond whatever had happened to leap to the top of the morning polls. Consummate showmanship? I think not; I've seen enough of his films to know that he is not that accomplished an actor.

WHAT THE REAGAN YEARS ILLUSTRATE is that integrity can go a long way toward making up for shortfalls elsewhere. Integrity may lack nuance, but at least it is not scatterbrained. A firm and unyielding sense of self generates confidence in place of confusion, forthright action rather than dithering.

That is why I reject Carter's definition of integrity as incorporating extended moral pondering. No doubt reflection is, all else equal, a good thing, but it is also costly in terms of time and mental energies expended. "Knowing in one's bones" how to act can substitute for hours of introspective analysis. An all-star center fielder doesn't conduct internal debates; rather, he is off at the crack of the bat. A person of integrity need not perpetually reinvent herself because she can rely on her moral habits to carry her through.

It is not simply an accident of language that "integrity" more comfortably takes the modifier "rock-ribbed" than, say, "philosophical." Like a rock, integrity does not flutter in the passing breeze; it is not easily shattered. An evening spent watching old movies can be a reliable guide here. The preeminent virtue displayed by the stereotypical John Wayne/Gary Cooper character is integrity. The Duke wasn't voluble, he rarely climbed down off his horse to muse about the deep questions that had engaged Socrates, but the moral heroism he projected was the manifestation of a self integrated all the way down. Of course there are risks in unreflective integrity; sometimes the only way to avoid a collision is to turn off

cruise control and give the wheel a sharp turn. Possessing integrity affords no guarantee that one will act well because it is not the whole of moral excellence but one virtue among many. It does, though, hold a self together.

Carter only occasionally illumines what is distinctive about integrity but, as with my old scoutmaster, the advice he proffers is sensible and, even where disputable, deserves to be taken seriously. Despite my philosophical qualms, I'm prepared enthusiastically to endorse his entitlement to a merit badge. R

Contributing Editor Loren E. Lomasky (llomask@opie.bgsu.edu) is a professor of philosophy at Bowling State University.

Road Warrior

By Robert W. Poole Jr.

Roads in a Market Economy, by Gabriel Roth, Brookfield, Vt: Ashgate Publishing, 292 pages, $76.95

OVER THE PAST 30 YEARS, THE FEDeral government alone has spent some $79 billion subsidizing mass transit in a vain attempt to get Americans out of their cars. Yet we have more drivers than ever, and those drivers are driving more miles on average. And despite the large sums spent on carpooling propaganda and facilities over the past decade, the fraction of Americans driving alone to work increased from 65 percent in 1980 to 74 percent in 1990, while carpooling, transit use, walking, and bicycling all declined.

Americans prize personal mobility, but we pretty much take our roads for granted —except when they fail to meet our needs. Unfortunately, they are meeting our needs less and less well. According to the latest tally by the Texas Transportation Institute, Americans wasted $48 billion in 1992 stuck in urban traffic congestion. Potholes and rough pavements take a toll on our cars and trucks that is likely to get worse instead of better. As cars use less gas, the principal sources of highway funding—federal and state taxes of a fixed amount per gallon—are failing to keep pace with our increased driving and the resulting wear and tear on the roads.

All of which suggests that the time is ripe to fundamentally rethink how we provide roads. Longtime transport economist Gabriel Roth has done just that in this provocative new book, published on both sides of the Atlantic. Roth contrasts the management and operation of highway systems with those of the U.S. telecommunication system. In both cases, users employ their own equipment in a network made available by a variety of interconnected providers. As Roth notes, "Both roads and telecommunications are subject to congestion at specific times and places. However, the telecommunications sector—unlike the roads sector—has learned how to avoid the extremes of congestion and over-investment. It does this by adopting pricing rules and investment criteria developed in market economies to make the best use of scarce resources. In a nutshell: those who provide telecommunications services raise prices at periods of peak demand, and the increased revenues generated thereby attract the required additional investment to expand peak-period capacity."

Roth's premise is that we would have much more user-friendly roads if the road system were set up on commercial principles more like the telecommunications system's. Specifically, this would mean that, like telecom companies, road providers should have owners; be financially self-supporting; be treated the same by government, whether investor-owned or government-owned; receive their revenue directly from users (rather than through

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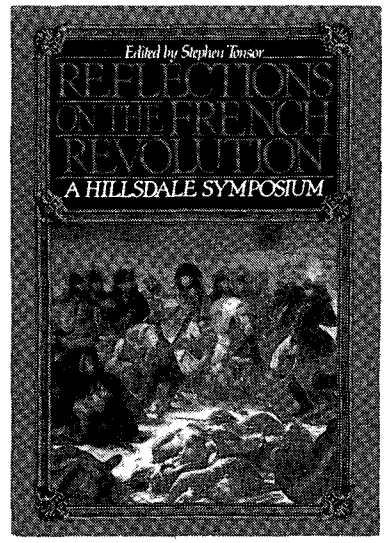

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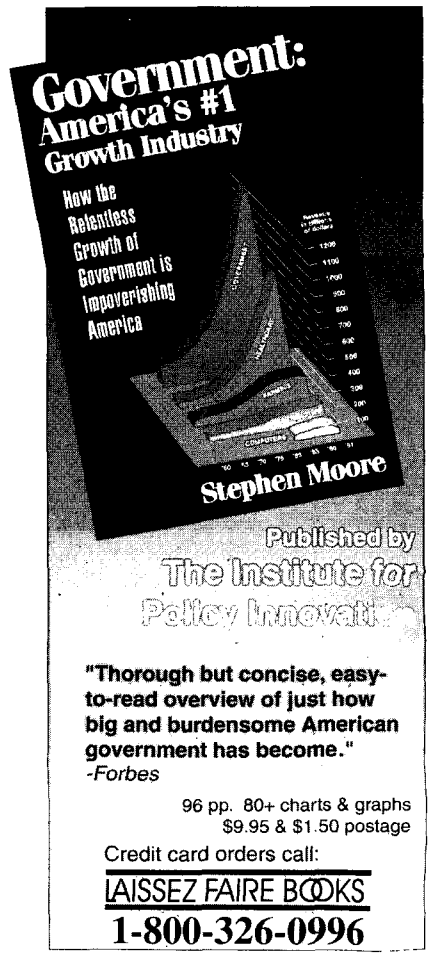

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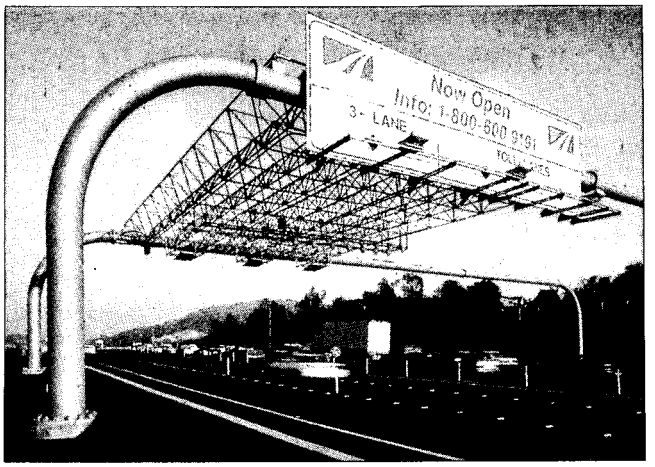
the government); and operate to common standards, to make interconnection simpler.

ROTH EXPLAINS WHAT WE know about the costs of road use, both direct and indirect (accidents, congestion, pollution, etc.), and how to understand these costs in an economically literate manner. He looks at arguments for and against various ways of pricing road use, including the politically contentious issue of how to charge trucks for the greater wear and tear they impose on most roads. He provides an excellent overview of the rapid growth over the past decade of privately financed toll roads in several dozen countries, including the United States.



California's privately run tollroad: Gabriel Roth gets specific about how we could actually move toward a commercial road system. He contrasts the management and operation of highway systems with those of the U.S. telecommunication system.

Roth also reviews the world's experience to date with direct road pricing and is realistic about the political difficulties of introducing pricing where people have become accustomed to thinking of road use as "free." Road pricing generally means charging road users at the time and place of use—in other words, charging tolls. Singapore is the only major city that has attempted "congestion pricing"—a form of road pricing whose aim is to control traffic congestion. Under Singapore's relatively crude system, drivers wishing to enter the central business district during the morning rush hour must buy and display a sticker on the car's window. Drivers of cars without valid stickers are fined.

Today's electronic toll collection technology makes it possible to charge people in real time. A small electronic tag affixed to the car can be "read" by a radio signal as the car passes a toll collection point at normal speed. Depending on the type of account, the fee is charged either to the user's credit card or to the user's account with the toll company. This system makes it easy to charge prices which vary by time of day, permitting more sophisticated forms of road pricing, including congestion pricing. Such fully electronic congestion pricing is now in use on the (private) 91 Express Lanes on the Riverside Freeway in Southern California.

After providing all of this background information, the book's real task is to figure out how to get from where we are now to where Roth thinks we should go. Roth proposes several major reforms to effect this transition. First, states should convert their road systems, on a geographically sensible basis, into user-funded road corporations which, as owners, would have full responsibility for their operation, maintenance, and expansion. Roth envisions a government corporation that would be granted ownership of specific road assets (e.g., all freeways in Los Angeles County) and be fully responsible for operation, maintenance, expansion, and rebuilding (as the roads wear out). The point is to create owners where none really exist today—owners who would obtain revenue from the users (and presumably be held accountable by those users to meet the demand for good service). He envisions those companies operating at arm's length from government, much as do the turnpike authorities that exist in a number of states. Making roads the responsibility of an organization with its own funding sources would make it easier to eventually fully privatize the roads.

Second, Roth recommends that states create dedicated road funds to collect the various road-user charges—some of which might still be gasoline taxes and registration fees—and disburse funds to the road corporations. The money would no longer leak to general funds for transit or other government operations, as occurs today with our highway "trust funds."

Third, because tolls are practical only on high-traffic routes and are difficult to introduce on existing roads, Roth proposes the use of "shadow tolls"—per-vehicle fees paid by the road funds based on actual traffic counts. Fourth, he urges that there be no discrimination between investor-owned and government-owned road corporations. Both would have equal access to shadow tolls, and both would be able to charge actual tolls in addition to the shadow tolls, where congestion warrants direct pricing.

THESE TRANSITION MEASURES ARE BOTH imaginative and possibly workable. Roth has made a valuable contribution by getting specific about how we could actually move toward a commercial road system. But as always, we face the dilemmas of bringing about radical, long-term change: Will the transition measures become the new status quo that proves even harder to change than our present situation? Will partway measures generate negative reactions that turn people against the underlying principles and block getting to where we really want to be?

Take the conversion of state and county highway departments into government corporations. While this could be a net improvement (especially if there are incentives to privatize the corporations), the closest existing equivalents—state and county turnpike authorities—are not exactly models of entrepreneurial management. Some of them have become notorious political fiefdoms, offering cushy jobs to cronies and major temptations to siphon off cash. I also do not share Roth's enthusiasm for shadow tolls, now being implemented on a set of privately financed highway projects in Britain. Shadow tolls

don't provide incentives for better use of roads via pricing. Users never see or feel a shadow toll—it's purely a financial mechanism.

But those are minor points. This is an important and thought-provoking book. It is bizarre that Americans have so uncritically accepted a central-planning model for our transportation infrastructure, while developing the world's best telecommunication infrastructure using a (largely) free market model. Indeed, one of the unexpected delights of this book is a heretofore unpublished essay, included as an epilogue, by Milton Friedman and Daniel Boorstin, dating from the early 1950s, proposing both private ownership and market pricing for roads. As usual, Friedman was way ahead of most of the rest of us. Fortunately, with the publication of Gabriel Roth's book, these ideas will gain the kind of hearing they have long deserved. R

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In Medias Res

By Nick Gillespie

Hot Air: All Talk, All the Time, by Howard Kurtz, New York: Times Books, 407 pages, $25.00

Good Intentions Make Bad News: Why Americans Hate Campaign Journalism, by S. Robert Lichter and Richard E. Noyes, Lanham, Md: Rowman & Littlefield, 320 pages, $58.50/$22.95 paper

OVER THE PAST QUARTER CENTURY or so, bashing the news media may well have supplanted baseball as the national pastime (certainly the news is filled with more strikes, balls, hits, and errors). From Spiro Agnew's alliterative attack on reporters as "nattering nabobs of negativism," to the bumper-sticker slogan "Annoy the Media, Re-Elect George Bush," to President Clinton's own spirited excoriations of the press's "insatiable desire...to build up and tear down," elected officials waste little time in attacking the self-styled adversarial media.

This may be one of the few areas in which people and politicians are completely in sync: Polls consistently show that about two-thirds of Americans think the press is "biased" (in various ways) and out of touch with average Americans. Last fall, a poll conducted by The Roper Center in conjunction with The Freedom Forum, a nonpartisan foundation that analyzes free speech and press issues, found that only 10 percent of Americans had a "great deal" of confidence in the news media. (Washington politicians didn't fare so well, either: A mere 6 percent had a great deal of confidence in Congress, while Clinton garnered a relatively robust 16 percent rating in the category.)

To be sure, outspoken and widespread skepticism toward the press (or the government) is nothing new. Back in 1807, for instance, then-President Thomas Jefferson wrote, "Nothing can now be believed which is seen in a newspaper. Truth itself becomes suspicious by being put into that polluted vehicle....Perhaps an editor might begin a reformation in some such way as this. Divide his paper into four chapters, heading the 1st, Truths. 2d, Probabilities. 3d, Possibilities. 4th, Lies. The first chapter would be very short."

Nor, contrary to the media's own self-interested fretting, is such incredulity anything to be overly worried about, at least for the country at large. Far from indicating some horrible and nihilistic trend in

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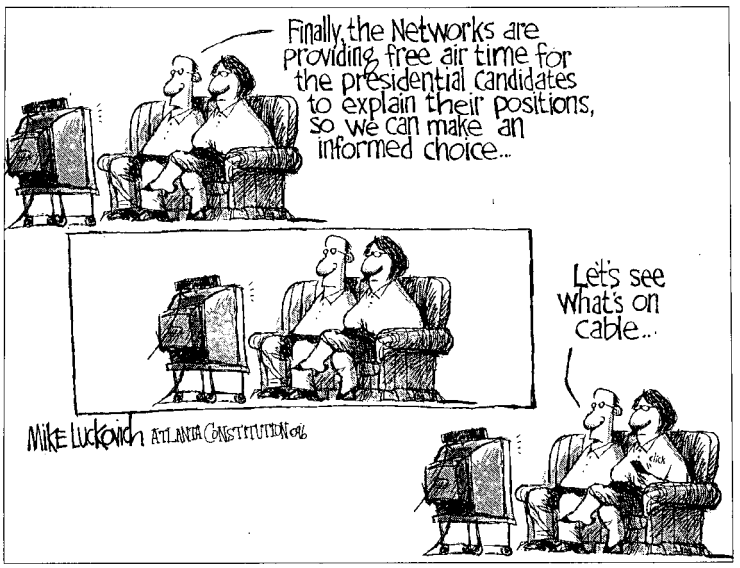
DEALER INQUIRIES WELCOME

American cultural life, current attitudes toward the media are actually a return to an earlier, pre–World War II understanding of the press as inherently biased and subjective. Skepticism toward institutions of power is a healthy and necessary response in a free society. Intelligent people *should* cast wary eyes toward the media (along with politicians, pundits, and "experts" of all stripes). Journalists especially should understand this posture: It is, after all, simply a variation on the hoary journalistic directive that when your mother tells you she loves you, you should check it out.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Let's see what's on cable...
MIKE LUCKOVICH ATLANTA CONSTITUTION

Not surprisingly, though, journalists are not very comfortable with the realization that their audience sees them in less than ideal terms. Two recent books, *Hot Air: All Talk, All the Time,* by Howard Kurtz, and *Good Intentions Make Bad News: Why Americans Hate Campaign Journalism,* explore the often tortured—and tortuous—relationship between the political press, its subjects, and its audience.

Kurtz, a reporter at *The Washington Post,* is a representative of what he terms the "Old Media—the big newspapers, magazines, and network newscasts." He decries the rise of a "talk show nation, a boob-tube civilization, a run-at-the-mouth culture in which anyone can say anything at any time as long as they pull some ratings." *Hot Air* is a compellingly infuriating read: Even as Kurtz sets out to critique "the triumph of talk," he epitomizes the smug, dismissive, domineering, and pseudo-objective perspective that people hate about Big Journalism. *Good Intentions,* which focuses specifically on presidential campaign journalism, stands as something of a counterpoint to *Hot Air* and offers a compelling explanation of "why Americans hate campaign journalism." As the '96 election season shifts into high gear, Lichter and Noyes's analysis could hardly be more timely.

"America is awash in talk," writes Kurtz at the opening of *Hot Air.* "Loud talk. Angry talk. Conspiratorial talk. Raunchy talk, smug talk, self-serving talk, funny talk, rumor-mongering talk. A cacophony of chat fills the airwaves from coast to coast, from dawn to dusk and beyond, all talk all the time." Where the "Old Media...still cling to some vestige of objectivity," says Kurtz, the talk shows —which run the gamut from *The McLaughlin Group* to *Donahue* to *Oprah* to Howard Stern's and Rush Limbaugh's radio programs—"revel in their one-sided pugnacity, spreading wild theories, delicious gossip, and angry denunciations with gleeful abandon."

To Kurtz, the proliferation of public voices has "coarsened" the "national conversation" and "reduced [it] to name-calling and finger-pointing and bumper-sticker sloganeering." Reduced from *what* is not exactly clear; Kurtz simply relies on vague incantations of a previous golden age of civil discourse undermined by "talk." The talk shows have other negative effects, too: They pervert politicians, who play to the pundits. They are incapable of dealing with complicated matters. They force the Old Media to adopt glitz to maintain an audience.

Curiously, Kurtz acknowledges there is good talk (C-SPAN, *Nightline*) and bad talk, effectively undercutting his argument. After all, an ample supply of beef that makes for easy access to filet mignon may well mean a McDonald's on every corner. While pretending to a certain objectivity—"the essence of journalism," he claims at one point, "is professional detachment"—it is hard to figure out what other than personal predilection informs his opinions. For instance, he claims that the debate over Clinton's health care plan was, "in the end, simply overwhelmed by talk." He admits that the plan was "fatally flawed" (!) but goes on to carp that "any attempt at reform was destroyed by a blizzard of half-truths and misinformation on radio and TV talk shows, in thirty-second attack ads, in rhetorical broadsides by every conceivable interest group." What some of us might see as democracy in action—a prolonged, robust, and hard-fought (if rancorous) debate—Kurtz instead dismisses as "a deafening roar." (He ignores serious and influential critiques of the plan such as Elizabeth McCaughey's in *The New Republic.*) Perhaps he is less troubled by talk per se than by voices with which he disagrees.

Similarly, he suggests that "talk" inherently favors conservatives because they are unthinking and oppositional. Here Kurtz may have a point—doctrinaire conservatives don't do much brainwork—but he goes on to quote Tom Braden, the original "left" co-host of *Crossfire*: "It's easier to be a conservative....As a liberal, you're not absolutely sure of where you stand or what in the world you ought to do about each particular problem." Since when have liberals lacked metaphysical certitude? This is simply partisanship masquerading as objectivity—the temptation to dismiss those who disagree with you as idiots is scattered across the political spectrum.

Kurtz also seems out of touch with the

MIKE LUCKOVICH

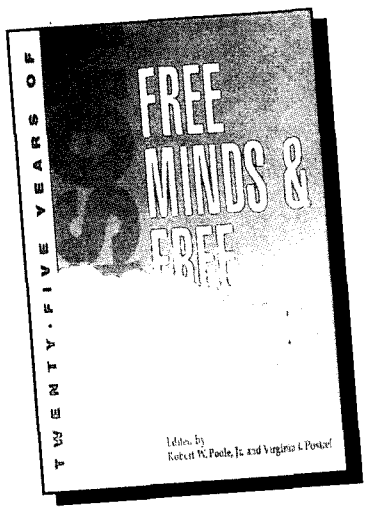
talk media, claiming there is "no real left wing" present. "When was the last time anyone stood up on a talk show and said the country should spend more money on the inner cities?" asks Kurtz, himself a regular on CNN's *Reliable Sources*. "Or that corporate executives are overpaid? Or that businesses are too quick to lay off innocent workers to compensate for management blunders and ill-advised mergers?" These points pretty much describe the stump speech of Labor Secretary Robert Reich, a frequent presence on TV and radio. And once you get past Rush Limbaugh, many of these quasi-populist complaints are voiced on talk shows with amazing regularity.

What really puts Kurtz out is what he sees as the phony objectivity of the talk-show culture. In discussing the granddaddy of the rough-and-tumble pundit show, *The McLaughlin Group*, Kurtz argues that the problem isn't merely that the panelists are usually wrong or obnoxious: "The trouble is the omniscient tone that requires professional journalists to pretend they are dispensing biblical wisdom from a televised Mount Olympus." Kurtz is right that McLaughlin's minions are famously awful in predicting the time of day, much less political events—and they are often annoying to watch.

But who exactly confuses the blustery pronouncements of *The McLaughlin Group* with "wisdom," biblical or other? (I might add that the main transmitting tower for biblical truth has traditionally been Mount Sinai, not Mount Olympus.) McLaughlin himself weighs in on the matter: "Give me a break! The image of a journalist as the self-important herald, the high priest of news, the mystique—it's been demythologized. And you know what? *People love it!* They see how unrealistic and how bogus is the identity of the journalist as the purist, the high priest. You could argue journalists have been cut down to size. They have become human."

Indeed, helping to unmask the blowhard—that is, human—nature of most journalists is perhaps *McLaughlin*'s great contribution to contemporary society. It is impossible to watch the show and consume news in the same way. You realize that writers and broadcasters, no matter how colorless their prose or blank their expression in their "hard news" reportage, are individuals with particular opinions, perspectives, and angles on a given topic, that even the "facts" are open to widely discrepant interpretations. *McLaughlin* makes viewers realize "authorities" are often far less than authoritative. Understanding this doesn't undermine journalistic credibility, but it does qualify it—as it should.

It is precisely this dynamic which seems finally to stick in Kurtz's craw. For him, the media are literally a mediating presence between newsmakers (or, more



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precisely, *lawmakers*—he pretty much equates the two) and the rest of us. It bothers him when that mediating function is complicated or even made apparent. Part of his discomfort appears wedded to a lack of faith in people. Commenting on talk radio, Kurtz observes somewhat anxiously, "Many programs have settled on an anything-goes approach, leaving it to listeners to separate the rhetorical wheat from the chaff." The implication is that listeners are not sharp enough to tell the one from the other. They need someone to digest it all for them. Indeed, early on in *Hot Air*, Kurtz discusses the typical consumer of media as a cud-chewing passive recipient: "All the yammering out there undoubtedly reflects a populace fixated on the new and the novel, remote controls firmly in hand, grazing across the land of talk." Whether we are sheep or cows in Kurtz's paternalistic vision, we clearly need to be herded.

IT IS PRECISELY THIS SORT OF ATTITUDE TOward the public that S. Robert Lichter and Richard E. Noyes, political scientists at the Washington, D.C.–based Center for Media and Public Affairs, dissect in *Good Intentions Make Bad News*. What Americans hate about campaign journalism is that journalists, under the righteous guise of "objective" reportage, feel a need to interject themselves into the electoral process by "explaining" and policing the claims of candidates. Ironically, this tendency obscures rather than clarifies and puts a greater distance between voters and politicians.

During the Reagan years, the authors argue, the press suffered a "crisis of confidence" because the president stayed hugely popular in the face of a highly antagonistic press. Lichter and Noyes convincingly document that Reagan got worse overall coverage than Nixon, Ford, or Carter.

Still, the press felt duped by a president who, note Lichter and Noyes, engaged in direct communication with voters (through weekly radio broadcasts, TV speeches, and political ads), kept his rhetoric and message consistent, and avoided confrontations with the press "when there was no benefit attached." By 1988, they write, "it had become conventional wisdom that President Reagan's political fortunes had been a function of blue smoke and mirrors."

The feeling of manipulation continued through the 1988 presidential victory of George Bush, which was widely attributed to, as *Newsweek*'s Howard Fineman put it, "the Republicans' well-honed marketing skills, hardball tactics and skillful manipulation of 'hot-button' issues." Lichter and Noyes note, however, that such analyses are little more than the self-

That journalism is more and more seen as inherently subjective and blinkered is all to the good. In a society where our choices actually matter, the rising sense of caveat emptor—and caveat lector—can only be beneficial.

fulfilling prophecies of reporters who cared more about process than substance. Having focused mostly on Bush's and Dukakis's campaign tactics, journalists assumed that those tactics decided the race. "What this emphasis on the 'inside story' neglects," say Lichter and Noyes, "is the degree to which voters' perceptions (and ultimate choices) are structured by conditions external to (and even prior to) the campaign," such as inflation rates, gross domestic product, and so on.

In any case, after the 1988 election, they note, "traditional journalism was widely criticized for triviality and cowardice in its political reporting." Critics, including many journalists, held that Dukakis and especially Bush ran superficial and harshly negative campaigns—a contention which Lichter and Noyes greatly complicate (they also provide a fascinating analysis of the minimal effects of the various "Willie Horton" ads). Before the '92 elections, academics and journalists developed a series of "reforms," write Lichter and Noyes. "They would enforce fair campaign practices by supervising the candidates' speeches and advertisements and calling voters' attention to misleading claims or outright falsehoods."

Such "good intentions," however, came to naught. After performing a content analysis of how the national media covered the 1988 and 1992 presidential elections, Lichter and Noyes conclude that news coverage remained focused mostly on "horse-racism," "tabloid titillation," and "negativism" rather than issue-oriented stories; additionally, coverage became less balanced and "even more intrusive." For instance, in an attempt to increase "substance," the *CBS Evening News* instituted a policy in July 1992 decreeing a 30-second minimum for sound bites. Rather than boosting direct communication between candidates and voters, however, correspondents more often dropped the candidates' words altogether, summarizing and analyzing their comments instead. "Journalists," note Lichter and Noyes, "were either unwilling or unable to give up their role as campaign interpreters."

Other innovations had similar effects. Consider print and broadcast "ad watches," designed to tell voters when candidates were playing fast and loose with the truth. Unfortunately, there were virtually no instances of outright lying. Rather, the candidates, both in primaries and the general election, tended to raise normative questions in their ads, rather than empirical ones. The result was that reporters, under the guise of being objective, merely weighed in with opinions every bit as soft as the typical campaign ad. What's more, the press definitely took more shots at George Bush than Bill Clinton or Ross Perot, subjecting a disproportionate number of Bush ads to "analysis."

"Mixing news and commentary was hardly an unknown practice in the past,"

write Lichter and Noyes, "but it was treated as something to be avoided or explained away. The Campaign '92 reforms taught political reporters to regard it as a public service." But even as journalists tried to "wrest the campaign agenda from the politicians," voters responded to less-mediated forums with the candidates. Hence the popularity of alternative media forums, such as *Larry King Live*, *Today*, and other talk shows where candidates could at least engage in direct communication—and confrontation—with voters and rivals. Lichter and Noyes's content analysis shows that such exchanges, usually dismissed as puffery, often discussed substantial issues in greater depth and detail than similar items on news shows. Callers and hosts tended to focus on hard-core policy questions and put the candidates through their paces.

Lichter and Noyes note that journalists have learned little or nothing from the 1992 experience. Indeed, they cite a 1995 poll of national media journalists which asked why the public was angry with the press. Twenty-seven percent replied that tabloids had given the mainstream media a bad name, 22 percent said the public was just blaming the messenger, and 13 percent said the public was simply angry with all institutions. When asked whether the public's outrage was legitimate, only 22 percent offered an unqualified yes (29 percent gave an unqualified no).

THE AUTHORS SUGGEST THE SITUATION IS unlikely to change. Current trends in media demand "a more intrusive and aggressive role for journalists—more *mediation*, at a time when the public desired more *direct* communication with their elected leaders." Still, Lichter and Noyes offer a series of somewhat obvious reforms: a greater focus on "hard news" and less on "soft-core commentary"; adoption of the "voters' agenda" (i.e., presentation of "basic" policy proposals); and "greater coverage of the campaign" (paying more attention to conventions, stump speeches, and other settings in which candidates actually deliver their platforms).

As pessimistic as they are, Lichter and Noyes put too much faith in the idea of a transparent media. They seem to recognize this themselves, asserting at one point that "the media's actions, and sometimes mere presence, cause significant changes in the electoral process....This kind of 'power' is not like money, but rather like gravity—its existence exerts a powerful tug on everything within its range."

Similarly, for the most part, they do not acknowledge the benefits of a shift away from "objective" reporting. Depending on the quality of analysis, such reporting can be a helpful corrective to the worst kind of blather politicians tend to utter in speeches, ads, and debates. And Lichter and Noyes don't really make room for different types of "news." Voters certainly benefit from having access to a variety of information sources, ranging from largely unmediated forums such as C-SPAN, semi-objective outlets such as major newspapers, and highly analytical sources such as REASON.

Indeed, on some level, the authors sense that what really empowers voters is the ability to consider issues from a number of perspectives. "Change is coming," they write. "The dominant media of the next century will give voters more control over the information they receive, and thus more autonomy over the decisions they make."

Those days may already be upon us. Increasingly, people recognize that even as non-intrusive an outlet as C-SPAN mediates by directing our attention to one topic and not another. What both *Good Intentions Make Bad News* and *Hot Air* document, intentionally and not, is a powerful shift in American consciousness. That journalism—especially the "reputable" press—is more and more seen as inherently subjective and blinkered is all to the good. In a society where we are constantly offered competing visions of the good society and where our choices actually matter, the rising sense of caveat emptor—and caveat lector—can only be beneficial. R

Nick Gillespie (ngilles123@aol.com) is a senior editor of REASON.

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Hill & Billy

By Thomas W. Hazlett

The Clinton administration's school for scandal

In 1992, the Clintonistas made the case that 12 years of Reagan-Bush had led to a marked decline in the fine public morality that had distinguished the Jimmy Carter years. True, the Republican presidents hadn't been guilty of any crimes, but they had surrounded themselves with the most unsavory opportunists: the "sleaze factor," as it was dubbed by the Democrats.

The litmus test on what these exemplars of honest government consider Conduct Unbecoming arrived with Pulitzer prize winner James Stewart's *Blood Sport*. A chorus of Hill & Billy wannabes (including virtually every op-ed regular at *The New York Times* and *Washington Post*) instantly proclaimed the Clintons out of the woods on Whitewater: As despicable as their behavior may have been, no crimes were committed. See, their apologists boasted, they're only *sleazy*!

The double standard is rich. Criminal near-misses in the investigations of Republicans like Ed Meese and Neil Bush were considered bulls-eyes, and we were treated to Democratic bellowing on the dangers of the mere *appearance* of impropriety. When was the last time you heard the administration use that cliché? Or say a peep about the "public's right to know"—that one sacred protective coating of democracy that so recently stood between America and totalitarianism?

Indeed, now we're hearing loads about a new freedom: The public's right *not* to be subject to the embarrassing television footage of their president testifying in court to try to get his criminal buddies off the hook. In response to requests from news organizations to gain control of Citizen Clinton's video testimony on behalf of the McDougals and Jim Guy Tucker, the White House crafted that ingenious legal pretext for keeping the tape on strictly a need-to-know basis.

Otherwise, it would be used by his partisan political opponents to humiliate him in the fall campaign. Of course, that's exactly what the opposition party is supposed to do: Inform the voters as to what the (other) miscreants in high public office have been doing with their tax dollars. And if you don't want the American people to know that you've been testifying in lots of criminal cases lately, maybe you ought not go into business with people who smell like Jim McDougal.

There is no shame to Hill & Billy. They are both imbued with one extra gene, medical diagnostics will surely attest, that empowers them to reflexively a) ruthlessly demonize their opponents and b) instantly retreat into the safe harbor of victimhood—all at the instinctual, amoral level. Look at the body count, the number of lives they and their minions have tarred to save themselves from the probe of informed public opinion, without so much as an eyeblink of remorse.

They vilify David Hale, a Clinton judicial appointee (!), as a cynical liar; they attack Ken Starr for an alleged conflict of interest (a Republican prosecuting a Democrat—what conflict?); trash Paula Jones as a slut (gee, that rules Billy Boy out!) as Clinton shoe polisher James Carville muses about what turns up when you "wave $100 bills in a trailer park"; they roust White House travel office manager Billy Dale into federal court, and after an angry jury acquits him in a matter of minutes, Hillary-and-Bill mouthpiece Robert Bennett brands him as an incompetent and slothful target of appropriate disciplinary action. Then a chastened, demure Ms. Hillary Rodham Clinton pouts on *Larry King Live* that the people in Washington are so nasty, that the Clintons were so unprepared for the brutal negativity of the Republican attack dogs who, of course, being slimeballs helping the greedy and undeserving rich, have nothing else to offer.

Will the president get away with his scandalous behavior and moralistic joyriding? Aha! You've missed the disappearing pea! He has already pocketed $100,000 in a transfer from the Tyson Food Co., laundered through Hillary's cattle futures trading account.

Anyone with the least knowledge of financial markets must know that Ms. Rodham's 10,000 percent return on a $1,000 cattle contract "investment" was substantially higher than the concurrent return available on the S&P 500, even allowing for the fact that she let her risk capital ride a full 14 months.

Equally obvious is the fact that the deal was dirty; the only plausible explanation is that opposing positions were taken by the commodities broker Rodham Clinton shared with the lobbyist for Tyson, the gains and losses distributed in a politically correct fashion. Heads Hillary wins, tails Tyson loses.

Recall that Vice President Agnew was tossed from public life for bribes an order of magnitude smaller than $100,000, and that these payments were likewise tendered prior to his White House service. The hapless Spiro, no doubt, should have retained the Rose law firm for its financial expertise with untraceable transfers. Because the Clintons, still and all, are banished not; the smoking gun is on display, but the Prez (and press) simply refuses to inhale. R

Contributing Editor Thomas W. Hazlett (hazlett@primal.ucdavis.edu) teaches economics at the University of California, Davis, and is a visiting scholar at the American Enterprise Institute.

UNDERAGE USE OF TOBACCO:

Recently, the President challenged the tobacco industry on the issue of underage use of tobacco products, saying, "Do not stay outside and apart from this debate... Join with us. Do the right thing."

Philip Morris USA has accepted the President's challenge. We are proposing comprehensive federal legislation on the issue of underage use of tobacco.

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A COMMON GROUND SOLUTION WE ALL CAN SUPPORT.

A BLUEPRINT FOR FEDERAL LEGISLATION

Our proposal is similar to the Food and Drug Administration's regulations; in some cases, it goes even further. However, our proposal is consistent with Congress's long-held view, and the view of courts, that the FDA does not have authority to regulate the tobacco industry.

Unlike the FDA regulatory approach, our proposal can be enacted without delay. And it incorporates ideas from many sources. Some ideas are ours, some came from the President, some from members of Congress, some from the Institute of Medicine, and some from anti-smoking groups.

But this is not about ownership of ideas. It's about solving a problem that concerns us all.

The government and the tobacco industry cannot do it alone. Families, educators, retailers and others can and must do their part, too.

We may not be able to completely solve the problem, but working together is our best chance for success.

IT'S TIME TO MOVE FORWARD.

So, from the common ground we share, let's act now to make a real difference in underage use of tobacco.

We all agree that minors should not use tobacco products. And we all agree that more needs to be done to prevent kids from using and having access to tobacco products.

We urge everyone concerned about this issue—including our critics—to support this common ground solution. For all the right reasons, it's the right thing to do.

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- Establish a federal minimum age of 18 for the sale of tobacco products.

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- Ban tobacco advertising on outward-facing retail window displays within 1,000 feet of schools or playgrounds.
- Ban brand names, logos, characters or selling messages on nontobacco-related items, such as caps, T-shirts, jackets or gym bags.
- Ban mass transit advertising.
- Ban all sales and distribution of tobacco products to consumers through the mail.
- Ban permanent tobacco product advertising in virtually all sports stadiums.
- Ban the sale of individual cigarettes.
- Ban packs of fewer than 20 cigarettes.
- Ban sampling except in locations where minors are denied access.
- Ban payments for product placements in movies and television.
- Ban billboards of less than 225 square feet — the type typically used in urban neighborhoods.
- Ban advertising in family amusement centers, video arcades and video games except those located in areas where minors are denied access.

PROPOSED LIMITATIONS

- Limit tobacco product sponsorship of events to motorsports and rodeo productions and other events where the promoter, arena or stadium manager certifies that at least 75% of those in attendance are expected to be 18 years or older. Ban all other tobacco product sponsorship of events.
- Limit tobacco advertising in publications to those whose publisher certifies that adults account for 85% or more of the publication's subscribers.

PROPOSED REQUIREMENTS

- Require minimum-age signage at tobacco retail outlets.
- Require tobacco products to be displayed only under the control or within the line of sight of the retailer.
- Require picture ID for those appearing to be under 21.
- Require retailers and their employees to certify that they understand and will comply with minimum-age laws.
- Require a tobacco-industry-funded program of $250 million over five years to fund retailer compliance and oversight by the Department of Health and Human Services and the Federal Trade Commission.

PROPOSED PENALTIES

- Provide a system of civil penalties against manufacturers, including fines of up to $50,000 for violations, as well as a system of graduated civil penalties against retailers who sell tobacco products to minors.

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